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NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

THESIS

THE IMPACT OF POLITICAL LIBERALIZATION ON SINO-MYANMAR COOPERATION

by

Steve I. Lanuzo

June 2018

Thesis Advisor:
Second Reader:

Michael S. Malley
Tristan J. Mabry

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REPORT DOCUMENTATION PAGE			<i>Form Approved OMB No. 0704-0188</i>	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington, DC 20503.				
1. AGENCY USE ONLY (Leave blank)		2. REPORT DATE June 2018	3. REPORT TYPE AND DATES COVERED Master's thesis	
4. TITLE AND SUBTITLE THE IMPACT OF POLITICAL LIBERALIZATION ON SINO-MYANMAR COOPERATION			5. FUNDING NUMBERS	
6. AUTHOR(S) Steve I. Lanuzo				
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey, CA 93943-5000			8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES) N/A			10. SPONSORING / MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.				
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release. Distribution is unlimited.			12b. DISTRIBUTION CODE A	
13. ABSTRACT (maximum 200 words) <p>This thesis examines the impact of Myanmar's political liberalization on Sino-Myanmar cooperation from 2008 to 2018. Using a historical comparative analysis of bilateral cooperation from the State Peace and Development Council (SPDC), the Union Solidarity Development Party (USDP), and the National League for Democracy (NLD) years, this thesis indicates that political liberalization temporarily weakened Myanmar's foreign policy with China, which historically has been characterized as <i>Pauk-Phaw</i>, or fraternal. The main reasons stemmed from the growth of anti-Chinese sentiments, coupled with an overdependence on China for economic, security, and diplomatic support during the years before liberalization. As a result, President Thein Sein and the USDP were inclined to loosen relations with China.</p> <p>However, the new democratic regime under Aung San Suu Kyi has re-calibrated that trajectory by strengthening bilateral cooperation. China is critical to solving two key issues that are of national interest to Myanmar—economic growth and a peace deal with various ethnic armed organizations along the Sino-Myanmar border. Also, China continues to diplomatically protect Myanmar from international criticisms towards the military's violent oppression of the Rohingya people in Rakhine State. Collectively, these factors permit Sino-Myanmar cooperation to endure despite changes in Myanmar's domestic politics.</p>				
14. SUBJECT TERMS Myanmar, Sino-Myanmar relations, bilateral cooperation, liberalization			15. NUMBER OF PAGES 97	
			16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UU	

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**THE IMPACT OF POLITICAL LIBERALIZATION ON SINO-MYANMAR
COOPERATION**

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Submitted in partial fulfillment of the
requirements for the degree of

**MASTER OF ARTS IN SECURITY STUDIES
(FAR EAST, SOUTHEAST ASIA, THE PACIFIC)**

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ABSTRACT

This thesis examines the impact of Myanmar's political liberalization on Sino-Myanmar cooperation from 2008 to 2018. Using a historical comparative analysis of bilateral cooperation from the State Peace and Development Council (SPDC), the Union Solidarity Development Party (USDP), and the National League for Democracy (NLD) years, this thesis indicates that political liberalization temporarily weakened Myanmar's foreign policy with China, which historically has been characterized as *Pauk-Phaw*, or fraternal. The main reasons stemmed from the growth of anti-Chinese sentiments, coupled with an overdependence on China for economic, security, and diplomatic support during the years before liberalization. As a result, President Thein Sein and the USDP were inclined to loosen relations with China.

However, the new democratic regime under Aung San Suu Kyi has re-calibrated that trajectory by strengthening bilateral cooperation. China is critical to solving two key issues that are of national interest to Myanmar—economic growth and a peace deal with various ethnic armed organizations along the Sino-Myanmar border. Also, China continues to diplomatically protect Myanmar from international criticisms toward the military's violent oppression of the Rohingya people in Rakhine State. Collectively, these factors permit Sino-Myanmar cooperation to endure despite changes in Myanmar's domestic politics.

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LIST OF ACRONYMS AND ABBREVIATIONS

AFPL	Anti-Fascist People's Freedom League
ARSA	Arakan Rohingya Salvation Army
ASEAN	Association of Southeast Asian Nations
BGF	Border Guard Forces
BRI	Belt and Road Initiative
BSPP	Burmese Socialist Program Party
CCP	Chinese Communist Party
CNPC	China National Petroleum Company
CPB	Communist Party of Burma
CPI	Chinese Power Investment
EAO	Ethnic Armed Organization
FDI	Foreign Direct Investment
IMF	International Monetary Fund
KIA	Kachin Independence Organization
KMT	Kuomintang
MNDAA	Myanmar National Democratic Alliance Army
NCA	National Ceasefire Agreement
NLD	National League for Democracy
NORINCO	China North Industries Corporation
OBOR	One Belt One Road
PLA	People's Liberation Army
PRC	People's Republic of China
SLORC	State Law and Order Restoration Council
SPDC	State Peace and Development Council
UMEHL	Union of Myanmar Economic Holdings Ltd
UN	United Nations
UP	Union Party
USDP	Union Solidarity Development Party
UWSA	United Wa State Army

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ACKNOWLEDGMENTS

I would not be where I am today if it were not for my Lord and Savior Jesus Christ. Through him all things are possible. To Him be all the glory. Every day is a blessing.

My sincere appreciation and gratitude goes to my advisor, Dr. Malley. I thank you for your patience, guidance, and mentorship. Thank you for pushing me to be at my best. To my second reader, Dr. Mabry, I thank you for your insight and feedback. Every time I stepped into your office, I learned something new.

To my parents, who taught me the importance of humility, hard work, and faith. You are my heroes and I strive constantly to make you proud. Thank you for your sacrifices. The road has never been easy, but you both always seem to find a way to persevere.

This thesis is dedicated to my loving wife and our two beautiful children. To Priscilla, your continued patience, never-ending support, and jovial attitude throughout our time here at NPS has brought out the best in me not only as a student, but also as a father and a husband. Without your love and encouragement this thesis would not be possible. To Noah and Logan, I am so proud of the little individuals you have become. Continue to be fearless while taking care of those around you. Thank you for patiently waiting by my desk to play as I struggled to complete this thesis. I will never forget the motivation you give me. Seeing your smiling faces every day reminds me of how blessed I am. Being part of your lives has been the highlight of my life. Thank you for loving me.

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I. INTRODUCTION

A. MAJOR RESEARCH QUESTION

In 2010, Myanmar's rapid move towards liberalization and political reform both surprised and perplexed many in the international community. Western countries like the United States met Myanmar's liberalization with a warm welcome.¹ For the United States, liberalization provided opportunities to counter China's growing influence with Myanmar's authoritarian military regime, the Tatmadaw.² U.S.-Myanmar relations warmed as the Obama administration lifted financial sanctions, import bans, and, in 2012, appointed its first ambassador in over 20 years.³

China, however, met Myanmar's liberalization with a more tepid response. Whereas liberalization had changed Myanmar's domestic politics by opening the government to public opinion, it also shifted the country's foreign policies. In 2011, the transitional regime under reformist leader Thein Sein reduced cooperation with China in response to growing public pressure. In an attempt to win public support, Thein Sein suspended the Myitsone Dam, one of the most significant Chinese projects in Myanmar. Myanmar's decision to reduce ties with its largest economic and military provider surprised both China and the international community.

Despite China's strong economic and military influence, analysts assessed that Myanmar was "pivoting away from China"; the government's recent political transformation and warming to the west were the significant driving factors.⁴ In 2013, analyst Yun Sun noted "that Sino-Myanmar relations have been on an abnormal,

¹ Yun Sun, "China and the Changing Myanmar," *Journal of Current Southeast Asian Affairs* 31, no. 4 (March 28, 2013): 51–77, 53.

² Jane Perlez, "In China, Aung San Suu Kyi Finds a Warm Welcome (and No Talk of Rohingya)," *New York Times*, November 30, 2017, sec. Asia Pacific, <https://www.nytimes.com/2017/11/30/world/asia/china-myanmar-aid-sanctions.html>.

³ Sun, "China and the Changing Myanmar," 53.

⁴ "Myanmar Is Pivoting Away from China," *Foreign Policy* (blog), accessed November 25, 2017, <https://foreignpolicy.com/2015/06/15/myanmar-burma-is-pivoting-away-from-china-aung-san-suu-kyi-xi-jinping-india/>; Mark Magnier, "Myanmar Pivots Uneasily Away from China," *Los Angeles Times*, March 24, 2013, <http://articles.latimes.com/2013/mar/24/world/la-fg-myanmar-china-20130324>.

problematic trajectory since the suspension of the Chinese Myitsone dam in September 2011.”⁵ Beginning in 2016, the new democratic regime under Aung San Suu Kyi recalibrated that trajectory. Myanmar relations with China did not shift as drastically as initially predicted. Instead, bilateral economic and military cooperation with China gradually increased.

This thesis asks the following primary question. Under Aung San Suu Kyi and Myanmar’s new quasi-civilian regime, the National League for Democracy (NLD), why have Sino-Myanmar relations not shifted as drastically as initially predicted following the government’s liberalization period in 2010? In support of the main question, this thesis will also answer the following questions. What factors explain changes in the Sino-Myanmar relationship before liberalization? To what extent have Sino-Myanmar relations changed since liberalization?

B. SIGNIFICANCE OF THE RESEARCH QUESTION

Generally described as *Pauk-Phaw*, or fraternal, Sino-Myanmar cooperation experienced unanticipated changes beginning in 2010 because of Myanmar’s political transformation and gradual improvement in relations with the West. Liberalization has altered Myanmar’s regime, economy, security, and need for diplomatic protection from the international community. Therefore, this research question inherently explores the future trajectory of Sino-Myanmar relations as a result of Myanmar’s liberalization. Whether or not further liberalization produces a weakened, stabilized, or strengthened Sino-Myanmar relationship is critical for three reasons.

First, this thesis seeks to understand whether regime change is the central factor that is causing changes in Sino-Myanmar relations—or if other factors are shaping bilateral cooperation. Second, Myanmar’s government struggles to balance between public anti-Chinese sentiments coupled with the need to address two other issues of great national interest. These issues include stimulating the country’s stagnant economy and reaching a peace deal with ethnic armed organizations (EAO) along Myanmar’s shared border with

⁵ Yun Sun, “A New Era for China-Myanmar Relations?” *The Diplomat*, December 9, 2015, <http://thediplomat.com/2015/12/a-new-era-for-china-myanmar-relations/>.

China.⁶ In both areas, China is critical to Myanmar's strategic calculus. Given Myanmar's poor status vis-a-vis China, this case study shows how a weak state can obtain diplomatic, economic, and security benefits from a strong state.⁷ Thus, this research contributes to the understanding of how small states deal with China's rise. Third, the country's consistent human rights violations due to the Rohingya Crisis are forcing Aung San Suu Kyi and the NLD to migrate closer to China for diplomatic protection. This research depicts how U.S.-China strategic competition, despite recent political changes, limits the U.S. ability to influence Myanmar on human rights atrocities.⁸

C. LITERATURE REVIEW

This literature review examines the historical evolution and characterizes periods of variation in Sino-Myanmar relations since Myanmar's independence from Britain in 1948. Additionally, this literature review combines work from notable scholars and analysts, David Steinberg, Maung Aung Myoe, Juergen Haacke, Yun Sun, and Bertil Lintner.

According to the literature and from a Myanmar-centric perspective, four driving factors underpin Sino-Myanmar cooperation: regime type, security, economy, and diplomacy.⁹ Examining the historical narratives of these factors suggests that bilateral cooperation is multi-dimensional. Whereas it is important to note that the changes in these factors have produced changes in bilateral cooperation, it is equally critical to know these factors are not binary. In addition, the increase or decrease in one or several of these factors lead to observable measures of bilateral cooperation. As a result, this thesis attempts to measure the shifts of each factor to characterize an increase or decrease of Sino-Myanmar cooperation.

⁶ Stratfor Worldview, "China and Myanmar: Restoring a Damaged Alliance," *Stratfor Worldview*, August 17, 2016, <https://worldview.stratfor.com/article/china-and-myanmar-restoring-damaged-alliance>.

⁷ Juergen Haacke, "The Nature and Management of Myanmar's Alignment with China: The SLORC/SPDC Years," *Journal of Current Southeast Asian Affairs* 30, no. 2 (2011): 105–40, 105.

⁸ Perlez, "In China, Aung San Suu Kyi Finds a Warm Welcome (and No Talk of Rohingya)."

⁹ Maung Aung Myoe, "The Logic of Myanmar's China Policy," *Asian Journal of Comparative Politics* 1, no. 3 (September 1, 2016): 283–98, <https://doi.org/10.1177/2057891116637476>.

The first factor is the characterization of both Myanmar and China's regime type. In this case, a country's regime type refers to whether the governing regime is authoritarian, democratic, communist, or a variation of the three. Conventional wisdom states that like regimes are more likely to cooperate while unlike regimes are less likely to cooperate. Using this logic, the authoritarian tendencies of Myanmar's and China's governments enable both to engage and cooperate bilaterally. However, Myanmar's political liberalization has changed its regime type moving from an authoritarian junta to a government that is now a "civilian-military hybrid."¹⁰ Therefore, this logic assumes that Myanmar's change in regime type has thus led to changes in Sino-Myanmar relations.

The second factor is Myanmar's security. Fraught with decades of internal conflict along its borders, the government's struggle against Chinese-backed EAOs greatly contribute to Myanmar's foreign policy with China. Many of these ethnic groups share cultural and ethnic links with the neighboring Chinese in Yunnan province. Historically, the increase of Chinese logistical, financial, and armed support of EAOs has led to less cooperation and increased conflict in Sino-Myanmar relations. Conversely, as China limits its assistance to EAOs, Sino-Myanmar cooperation increases. Therefore, China's increase or decrease of support to EAOs is another critical factor that shapes Sino-Myanmar relations.

The third factor is the Sino-Myanmar economy factor. Critical to the Myanmar government's legitimacy is its ability to stimulate the country's stagnant economy. Myanmar's reliance on China for "financial assistance and expertise for limited economic development" is dependent on two conditions.¹¹ The first condition is Myanmar's desire for international trade. The second condition is China's ability to supply Myanmar with trade and investment. The increase in both conditions results in more cooperation while the decrease of both conditions results in less cooperation. In short, the economic factor merely is one of supply and demand.

¹⁰ Alvin Cheng-Hin Lim, "Myanmar's New Leadership And Prospects For Sino-Myanmar Relations – Analysis," *Eurasia Review* (blog), March 23, 2016, <http://www.eurasiareview.com/23032016-myanmars-new-leadership-and-prospects-for-sino-myanmar-relations-analysis/>.

¹¹ Jürgen Haacke, "Myanmar: Now a Site for Sino–US Geopolitical Competition?" Monograph, November 2012, <http://www2.lse.ac.uk/IDEAS/Home.aspx>, 53.

The fourth factor is the diplomacy factor. The more Myanmar requires diplomatic support against the West, the more it is inclined to rely on China.¹² Conversely, the same is also true. Historically, bilateral relations resulted in a higher level of cooperation as Myanmar's need for diplomatic protection increased. Likewise, the less Myanmar required diplomatic protection against the West, bilateral relations resulted in a lower level of cooperation. Both Myoe and Haacke claim China's ability to protect Naypyidaw from international scrutiny at forums such as the UN Security Council have resulted in close bilateral ties.¹³

This literature review adopts Steinberg and Lintner's historical framework to identify critical periods in Sino-Myanmar relations and suggests that it will be possible to explain changes in those relations in terms of the four factors described above. This literature review uses four historical time periods to extract driving factors and significant trends that can provide insight into characterizing Sino-Myanmar relations during Myanmar's liberalization beginning in 2010.

Several scholars and analysts, notably Steinberg, Myoe, and Lintner, tend to agree on four main time periods in Sino-Myanmar relations. The first period (1948 to 1962), characterized relations as "cautiously cordial but basically friendly."¹⁴ The resolution of key challenges along a shared border marked a limited level of cooperation between the two countries. During the second period (1962 to 1978), diplomatic ties declined, cooperation lessened, and conflict increased along the Sino-Myanmar border. Steinberg identifies these years as a "rupture" of Sino-Myanmar relations mainly driven by the overspill of the Cultural Revolution across Myanmar's borders and China's open and active support of the Communist Party of Burma (CPB).¹⁵ A rapprochement in Sino-Myanmar

¹² Maung Aung Myoe, *In the Name of Pauk-Phaw: Myanmar's China Policy Since 1948* (ISEAS–Yusof Ishak Institute, 2011), <https://muse.jhu.edu/book/17996>, 108.

¹³ Haacke, "Myanmar."

¹⁴ Bertil Lintner, "Myanmar as China's Corridor to the Sea," accessed September 21, 2017, <http://www.atimes.com/article/myanmar-chinas-corridor-sea/>, 3.

¹⁵ David I. Steinberg and Hongwei. Fan, *Modern China-Myanmar Relations: Dilemmas of Mutual Dependence*, Nordic Institute of Asian Studies Monograph Series; No. 121; Nordic Institute of Asian Studies Monograph Series; No. 121. (Copenhagen: NIAS Press, 2012).

relations marked the third period (1978 to 1988). As Beijing reduced military and financial support to the CPB, Rangoon repaired diplomatic relations, engaged in more cooperation, and normalized bilateral ties with China. The fourth period (1988 to 2010) gave rise to diplomatic, economic, and security cooperation. Relations strengthened because of international sanctions levied on both countries for their crackdowns on pro-democracy movements in 1988 and 1989. According to Lintner, Beijing significantly made “deeper economic and political inroads into Burma than at any previous time.”¹⁶

1. The Pauk-Phaw Period (1948–1962)

Shortly after Myanmar’s independence from British colonial rule in 1948, the Anti-Fascist People’s Freedom League (AFPFL) government under U Nu established diplomatic relations with China.¹⁷ Although China’s civil war between the Chinese Communist Party (CCP) and the Kuomintang had overflowed into Myanmar territory, Myanmar reluctantly pressed forward and recognized diplomatic relations with China under the Kuomintang (KMT).¹⁸ In 1949, the rise of the CCP shifted this relationship and led Myanmar to break relations with the KMT and strengthen relations with China’s new government, the People’s Republic of China (PRC). Myanmar became the first non-Communist country to recognize China’s new regime.¹⁹ As both countries continued to recognize the legitimacy of the other, Sino-Myanmar ties strengthened.

The continuation and spillage of the Cold War into Myanmar throughout the 1940s and 1950s ushered times of “limited contact and distrust.”²⁰ Several unresolved challenges complicated bilateral relations. First, there were territorial disputes along the Sino-Myanmar border. Second, China’s People Liberation Army (PLA) occupied the disputed areas.²¹ Third, residual KMT forces who had fled China settled inside Burmese territory.

¹⁶ Lintner, “Myanmar as China’s Corridor to the Sea,” 4.

¹⁷ Myoe, “The Logic of Myanmar’s China Policy,” 288.

¹⁸ Myoe, 288.

¹⁹ Myoe, 288.

²⁰ Steinberg and Fan, *Modern China-Myanmar Relations: Dilemmas of Mutual Dependence.*, 25.

²¹ Steinberg and Fan., 8.

Collectively, these challenges constituted real security issues influencing Myanmar's perception of China. As a degree of uncertainty began to manifest, the AFPFL grew extremely worried about China's true intentions. As a result, Myanmar's threat perception grew, shaped by the possibility of the PRC's ability to intervene in Burmese affairs.²²

Both Myanmar's and China's drive to resolve these challenges precipitated increases in diplomatic engagements. In June of 1954, Chinese Premier Zhou Enlai and Prime Minister U Nu of Burma signed a joint Sino-Burmese declaration "endorsing the 'Five Principles of Peaceful Co-existence': Mutual respect for each other's territorial integrity and sovereignty, non-aggression, non-interference in each other's internal affairs, equal and mutual benefits, and peaceful coexistence."²³ In 1960, both countries "signed a treaty of friendship and mutual non-aggression" demarking the Sino-Myanmar border.²⁴ This treaty both protected Myanmar from Chinese invasion and assured China that Myanmar would not accommodate anti-Chinese forces within Myanmar territory.²⁵ The *Pauk-Phaw* years were a period of distrust with limited cooperation because of the security challenges that lie along the Sino-Myanmar border.

During the early years of its relationship, Sino-Myanmar relations were a period of mixed relations, with conflict and cooperation, mainly due to territorial and Cold War challenges. However, the AFPFL's and the PRC's willingness to engage in diplomatic cooperation resolved both challenges and led to "nurturing warmer" Sino-Myanmar relations.²⁶ Collectively, Steinberg, Myoe, and Lintner concur that overall relations between 1948 to 1962 were a period of warm relations. Both countries confirmed their commitment to the Five Principles of Peaceful coexistence and cooperation.²⁷ Whereas Steinberg denotes this period as the "Honeymoon Phase" of Sino-Myanmar relations, other

²² Myoe, "The Logic of Myanmar's China Policy," 2.

²³ Bertil Lintner, "The People's Republic of China and Burma: Not Only Pauk-Phaw" (Project 2049 Institute, May 9, 2017), 6.

²⁴ Myoe, "The Logic of Myanmar's China Policy," 289.

²⁵ Myoe., 290.

²⁶ Steinberg and Fan, *Modern China-Myanmar Relations: Dilemmas of Mutual Dependence*.

²⁷ Myoe, *In the Name of Pauk-Phaw*., 179.

scholars such as Myoe characterizes this period as “warm and cordial...full of exchange visits among top government leaders from both sides.”²⁸ This vignette is significant because it illustrates the first diplomatic and security engagements between the two countries. As a result, this period established a pattern of mutual engagement.

2. The Rupture Period (1962–1978)

Scholars see a definite decline of bilateral ties during the second period of Sino-Myanmar relations. The leading cause was the overspill of pro-communist movements across Myanmar borders. In the late 1960s, China’s Cultural Revolution extended into Chinese communities in Myanmar. Garnering support for Myanmar’s pro-communist party, the CPB, many ethnic Chinese began to openly wear Mao Red Badges – a symbol of the Chinese Red Guard.²⁹ In response, the Myanmar democratic government banned the wearing of Red Badges leading to the degradation of political relations.³⁰ In 1967, anti-Chinese tensions climaxed in Rangoon as Burmese citizens attacked overseas Chinese students wearing badges. Unhappy with the oppression of Myanmar’s ethnic Chinese population, the PRC began to openly support the CPB with “arms and ammunition, financial technical assistance, and workforce.”³¹ Whereas Myanmar’s domestic challenges undoubtedly complicated foreign relations with China, Beijing’s influence within the country further aggravated this relationship. China’s influence was a new pattern that emerged in Sino-Myanmar cooperation. Indeed, China’s significant influence within Myanmar’s internal affairs began to shape the perception of Myanmar’s leaders negatively.

Myanmar’s economic policy shift to autarky and isolationism under General Ne Win was another key driver to the decline of bilateral relations. In 1962 General Ne Win overthrew the existing democratic Union Party (UP) government in a military coup leading

²⁸ Steinberg and Fan, *Modern China-Myanmar Relations: Dilemmas of Mutual Dependence.*, 41. Myoe, “The Logic of Myanmar’s China Policy,” 290.

²⁹ Myoe, “The Logic of Myanmar’s China Policy,” 291.

³⁰ Steinberg and Fan, *Modern China-Myanmar Relations: Dilemmas of Mutual Dependence.*, 8.

³¹ Myoe, “The Logic of Myanmar’s China Policy,” 291.

to a change in regime.³² The change in regime type precipitated a change in its foreign policy – which at that time was isolationist. As leader of the new Burma Socialist Program Party (BSPP), General Ne Win steered the government with authoritarian rule. Believing that the country could thrive independently and be self-sufficient, his policies shifted to autarky, or economic isolation, in an attempt to stimulate Myanmar's impoverished economy. As a result, cooperation declined during this period because of Myanmar's isolationist policies, which closed its borders to Chinese trade and investment. However, this failed policy propelled the economy into decades of stagnation, which leads to a key factor that currently shapes Myanmar's foreign policy today—Myanmar's need for economic stimulation and foreign direct investment.

From the Chinese perspective, the Chinese Cultural Revolution also altered Beijing's domestic and international environments. As a result, Sino-Myanmar cooperation continued to deteriorate. Domestically, China began to focus on economic growth and modernization for solutions to its external and domestic issues.³³ Internationally, the triangular relationship between the United States, China, and the Soviet Union shifted with Sino-U.S. rapprochement in 1972.³⁴ From 1972 to 1975, China re-established and improved diplomatic relations with 23 countries, decreasing China's isolation from the international community.³⁵ As China increasingly integrated into the international community, Myanmar increasingly segregated itself from the international community with its policy of isolation. The result was a divergence between the two countries' foreign policies.

Steinberg, Myoe, Lintner, and Seekins conclude that the rupture of bilateral ties stemmed from two fundamental causes. The first cause was spillage of China's Cultural Revolution intertwined with the PRC's open and active support of the CPB. The second

³² Priscilla Clapp et al., *The Influence of Domestic Issues on Myanmar's Foreign Policy* (Seattle: The National Bureau of Asian Research, 2014), <http://saber.eaber.org/sites/default/files/NBR%20report%20-%20Myanmar.pdf>, 19.

³³ Steinberg and Fan, *Modern China-Myanmar Relations: Dilemmas of Mutual Dependence*, 151.

³⁴ Steinberg and Fan., 9.

³⁵ Steinberg and Fan., 150.

cause was General Ne Win's policy preference to pursue autarky and isolationism. As Myanmar's political regime transitioned to an authoritarian government under the BSPP, the government re-oriented inward for solutions to stimulate economic growth and reconcile the various ethnic armed insurgencies within its borders. In contrast to Myanmar's inward orientation, China sought economic and modernization solutions with an outward orientation.³⁶ Although the early 1970s restored diplomatic relations, it was not until the late 1970s that Sino-Myanmar relations returned to a level of cooperation as China downgraded aid to CPB forces.

3. The Rapprochement Period (1978–1988)

From 1978 to 1988, Sino-Myanmar relations improved as diplomatic engagements between both leaderships increased. In April 1977, Ne Win visited China to negotiate Beijing's support of the CPB.³⁷ Later the next year in 1978, Vice Premier Deng Xiaoping made China's first state leader visit to Myanmar since the Cultural Revolution.³⁸ Myanmar reduced tensions through diplomatic dialogue while China lessened aid to the CPB. As a result, the CPB forces weakened.

The reduction of CPB aid was significant in several ways. First, the weakened state of the CPB forces permitted the Tatmadaw to isolate and fragment the CPB to areas along the Sino-Myanmar border. The fragmentation of the CPB allowed the military to focus its efforts against ethnic insurgencies in other peripheral regions. Second, the CPB's degraded capacity neutralized the existential threat to the Burmese government, thereby shifting the power balance and increasing the Tatmadaw's relative strength. The increase in stability in Myanmar's domestic affairs led to an increase in bilateral cooperation. As a result, during this period, Sino-Myanmar relations healed in what Steinberg calls "the renormalization period" of the Sino-Burmese years.³⁹

³⁶ Donald M. Seekins, "Burma-China Relations: Playing with Fire," *Asian Survey* 37, no. 6 (1997): 525–39, <https://doi.org/10.2307/2645527>.

³⁷ Steinberg and Fan, *Modern China-Myanmar Relations: Dilemmas of Mutual Dependence*, 139

³⁸ Steinberg and Fan., 134.

³⁹ Steinberg and Fan., 131.

According to Steinberg, the BSPP's need to stem the flow of Chinese aid to CPB forces increased cooperation between China and Myanmar.⁴⁰ The BSPP perceived China as a critical element to resolve Myanmar's internal conflicts. As diplomatic engagements with the PRC increased throughout the late 1970s and the mid-1980s, cooperation increased. As a result, General Ne Win's increased cooperation with China avoided "great-power competition spill-over" into Myanmar, limited Chinese support for the CPB, and allowed the Tatmadaw to focus on areas of regional conflict away from the Sino-Myanmar border. The significance of this period was the establishment of another critical pattern in Sino-Myanmar relations—the reduction of Chinese support to insurgency forces in Myanmar proliferated bilateral cooperation.

4. The Alignment Period (1988–2008)

There was an increase in bilateral cooperation during the fourth period of Sino-Myanmar relations. During this period, the government regime was the State Law and Order Restoration Council (SLORC), which later changed its name to the State Peace and Development Council (SPDC) in 1997.⁴¹ In 1988, Myanmar faced a key challenge with the 8-8-88 Uprising, resulting in the strengthening of Sino-Myanmar relations. The withdrawal in 1987 of all Burmese currency notes, except for the two smallest denominations, left the population bankrupt overnight. Hundreds of thousands protested as the economy continued to deteriorate. Anti-government protests consisting of students, monks, professionals, everyday people, and even children, demanded a new democratic government in place of the current authoritarian regime. The military junta moved quickly. They used force to suppress the protests, killing hundreds. The military's bloody suppression of the uprising caused the international community to react negatively, criticising the junta's poor handling of human rights and violent, oppressive nature.

The Tatmadaw's human rights violations produced two significant effects. The first effect was a domestic challenge. The oppression of Myanmar's population sparked further disenchantment with the ruling military government under General Ne Win. The second

⁴⁰ Steinberg and Fan., 25.

⁴¹ Haacke, "The Nature and Management of Myanmar's Alignment with China," 107.

effect was an international challenge. In response to the general disregard of “human rights and civil liberties of the people of Burma,” the United States and western powers levied international sanctions on Myanmar, the span of which included “visa bans, restrictions on financial services, prohibition of imported goods, new investments, and constraints on U.S. assistance in Burma.”⁴² Faced with both domestic and international challenges, the Tatmadaw quickly moved to replace Myanmar’s leadership and government, which began to pursue closer relations with China.

In September 1988, the Tatmadaw responded to domestic pressures of public unrest, launched a coup d’état against Ne Win, and formed a new government, the SLORC, who “assumed control to defend the country’s territorial integrity, sovereignty, and unity.”⁴³ Meanwhile, Aung San Suu Kyi garnered popularity and international recognition for being a voice for change. Her efforts helped establish the democratic opposition party to the junta-led regime, the National League for Democracy (NLD). In 1990, Than Shwe and the SLORC proceeded to hold general elections, which the NLD won—receiving “60% of the popular votes.”⁴⁴ The Tatmadaw nullified these results and refused to relinquish power.

The SLORC then proceeded to increase diplomatic, economic, and security relations with Beijing. In 1989, roughly a year after the 8–8–88 Uprising, China endured similar international criticism in its oppression of civilians during the Tiananmen Square Massacre. Thus, as author Ian Holliday mentions, it was only when the “military’s repression of democratic protests in Rangoon...was mirrored by the Beijing massacre” in Tiananmen were the two states able to converge against global condemnation.⁴⁵

As Myanmar’s relationship with the west weakened, the SLORC/SPDC regime significantly increased Sino-Myanmar cooperation in the diplomatic, economic and

⁴² Michael Martin, “CRS: U.S. Sanctions on Burma,” October 19, 2012, <https://fas.org/sgp/crs/row/>, i.

⁴³ Haacke, “The Nature and Management of Myanmar’s Alignment with China,” 113.

⁴⁴ Pyithu Hluttaw, “MYANMAR: Parliamentary Elections Pyithu Hluttaw, 1990,” accessed May 1, 2018, http://archive.ipu.org/parline-e/reports/arc/2388_90.htm.

⁴⁵ Ian Holliday, “Beijing and the Myanmar Problem,” *The Pacific Review* 22, no. 4 (October 2, 2009): 479–500, <https://doi.org/10.1080/09512740903127986>.

security realms. According to Myoe, the SLORC/SPDC years were a period of “multi-sectoral linkages.”⁴⁶ Both Rangoon and Beijing adhered to and entrenched their diplomatic actions under the Five Principles of Peaceful Coexistence and *Pauk-Phaw* relations. China refrained from involving itself in Myanmar’s internal affairs while Myanmar adhered to the “One China Policy,” acknowledging that Taiwan was an “integral part of China.”⁴⁷

Diplomatically, Myanmar benefitted from China’s role as a “security guarantor” considering its international condemnation by western powers.⁴⁸ In 2006 and 2007, challenges from the international community tested Sino-Myanmar relations. In 2006, U.S. ambassador to the U.N. John Bolton accused Myanmar of being a regional and international security threat, testing Sino-Myanmar diplomatic relations. Arguing against Ambassador Bolton’s claim that Myanmar’s domestic situation threatened regional and international peace and security, China exercised its veto power arguing that “neither Myanmar’s neighbors nor most Asian countries considered the situation in the country as posing any threats to regional peace and security.”⁴⁹

In September 2007, Sino-Myanmar relations were tested again during anti-government demonstrations known as the Saffron Revolution.⁵⁰ The removal of government subsidies on fuel caused gas prices to spike and resulted in protests led by Buddhist monks. Faced yet again with international condemnation, Myanmar coordinated efforts with China to overcome the international pressure of intervention.⁵¹ Myanmar’s Foreign Minister Nyan Win was sent to Beijing to reaffirm Myanmar’s commitment to *Pauk-Phaw* relations.

The economic and military growth in Myanmar resulted in Sino-Myanmar interdependence. From 1990 to 2000, Myanmar’s economic annual GDP growth rate

⁴⁶ Myoe, “The Logic of Myanmar’s China Policy,” 292.

⁴⁷ Myoe, *In the Name of Pauk-Phaw*, 107.

⁴⁸ Myoe., 108.

⁴⁹ Myoe., 126–127.

⁵⁰ Myoe., 105.

⁵¹ Myoe. 129.

jumped from a 2.8% to 13.7%.⁵² Additionally, bilateral trade jumped from US\$270 million in 1988 to US\$4.4 billion in 2010.⁵³ Militarily, Chinese assistance to the Tatmadaw increased in the form of arms, equipment, and military capability.⁵⁴ From 1988 to 2010, the Tatmadaw procured over US\$2 billion in military hardware.⁵⁵ China's military support caused a significant power shift in favor of the Tatmadaw against insurgent EAOs, resulting in two significant effects on Sino-Myanmar relations. First, military aid to the Tatmadaw shaped Myanmar's perception of China as a friend rather than a threat.⁵⁶ Second, stability along the Sino-Myanmar border allowed fluid trade flow between China's Yunnan province and Myanmar.

In summary, the SLORC under Than Shwe improved bilateral ties with China. Scholars conclude that the dominant causes during this era were the regime preferences of the SLORC and the PRC, increased Chinese military support to the Tatmadaw, economic growth from bilateral trade, and Myanmar's reliance on China for diplomatic protection. In exchange, China enjoyed access to Myanmar's markets and natural resources, such as gas, oil, and jade. The alignment of Sino-Myanmar relations during the SLORC years yielded two significant results. The first result was an asymmetric Sino-Myanmar relationship, favoring China. The second result, sparked by the first, was a growing perception of overdependence on China which began to manifest shortly after 2008.

D. POTENTIAL EXPLANATIONS AND HYPOTHESES

This thesis analyzes the extent and effects of Myanmar's liberalization on Sino-Myanmar relations. To this end, this thesis examines the impact of Myanmar's domestic politics in relation to its foreign policy with China, carefully analyzing the shift of

⁵² "Country Profile," accessed September 18, 2017, http://databank.worldbank.org/data/Views/Reports/ReportWidgetCustom.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=MMR.

⁵³ Myoe, "The Logic of Myanmar's China Policy," 293.

⁵⁴ Myoe, *In the Name of Pauk-Phaw.*, 108.

⁵⁵ Myoe, "The Logic of Myanmar's China Policy," 290.

⁵⁶ Myoe, *In the Name of Pauk-Phaw.*, 108.

Myanmar's regime type from a full authoritarian regime to a less than full authoritarian regime. However, examination of periods in the literature review offers three other factors that may more accurately explain changes in Sino-Myanmar relations. The first driving factor was the economic relationship between China and Myanmar. The second driving factor involves Myanmar's internal security and China's ability to influence ethnic insurgencies on the Sino-Myanmar border. The third driving factor was Myanmar's need for China's diplomatic support from the international community due to the oppressive tendencies of Myanmar's military regime. Therefore, this thesis offers four possible explanations characterizing the effects of Myanmar's liberalization on Sino-Myanmar relations.

In addition, this thesis identifies linkages between the factors, suggesting that the factors do not operate in a vacuum. Instead, the factors are intimately intertwined. As a result, Sino-Myanmar relations are not only complicated, but they are multi-dimensional as well. Therefore, the decrease in cooperation of one factor does not necessarily indicate a decrease in foreign relations as other factors may increase cooperation. Indeed, the effects of Myanmar's liberalization may provide a false positive that Sino-Myanmar relations have declined.

1. Hypothesis 1 – The Regime Type Factor

Myanmar's change in regime type because of domestic political liberalization has led to less cooperation with China.

This explanation tests whether a more democratic regime will lead to a less cooperative foreign policy with China. After the 8–8–88 Uprising, the authoritarian military junta of the SLORC/SPDC regime under General Than Shwe increased cooperation with China. As Myanmar began to liberalize, analysts observed that the transitional regime under Thein Sein reduced cooperation with China, evidenced by the suspension of the Myitsone Dam Project in 2011.⁵⁷ During that time, analysts and scholars assumed that

⁵⁷ Sze Wan Debby Chan, "Asymmetric Bargaining between Myanmar and China in the Myitsone Dam Controversy: Social Opposition as David's Stone against Goliath," 2016, <http://web.isanet.org/Web/Conferences/AP%20Hong%20Kong%202016/Archive/976bc032-b520-4918-b5e6-a70d9446a5cb.pdf>, 1.

further democratization would lead to even less cooperation. Conventional wisdom states this is true. However, it is possible that other factors are more influential in Sino-Myanmar relations. This thesis will challenge this argument and identify reasons why Aung San Suu Kyi and the NLD are more inclined to increase cooperation with China.

2. Hypothesis 2 – The Economy Factor

Myanmar's need for and interest in international trade and investment has led to increased cooperation with China.

Myanmar's inward focus and practice of autarky under Ne Win and the BSPP to fix its stagnant economy resulted in low cooperation with China. As Myanmar's need for trade and investment grew in the late 1980s, and China's ability to provide trade and investment grew, cooperation increased. Civil unrest during the 1988 military crackdown signaled to the Tatmadaw that there was an increasing need for economic stimulation. In response, from 1988 to 2008 China provided overwhelming economic support to Myanmar resulting in more cooperation. Thus, Sino-Myanmar changes have varied according to Myanmar's economic need. Aung San Suu Kyi continues to need economic trade and investment driving Myanmar's need to pursue strong bilateral ties. Therefore, Myanmar's economic need results in more cooperation with China.

3. Hypothesis 3 – The Security Factor

Myanmar's struggle to reconcile its peripheral regions and China's influence on ethnic armed organizations has led to increased cooperation with China.

There is an overwhelming correlation between the support China provides to EAOs and bilateral cooperation. Throughout the 1960s and 1970s, China's open support of the CPB resulted in less cooperation and increased conflict along the Sino-Myanmar border. As a result, Steinberg notes that bilateral ties "ruptured." During the 1970s, the decrease of Chinese support to the CPB led to the increase in diplomatic ties, mutual cooperation and lessened conflict. As ethnic armed organizations continue to thrive along the Sino-Myanmar border, China plays an integral role in Aung San Suu Kyi's desire to reconcile

Myanmar's peripheral regions.⁵⁸ Therefore, China's influence over ethnic armed organizations explain changes in Sino-Myanmar cooperation.

4. Hypothesis 4 – The Diplomacy Factor

Myanmar's need for China's diplomatic protection has led to increased cooperation with China.

Myanmar's need to seek protection under China's umbrella stems from years of the junta's oppressive tendencies and human rights violations, which has led to international criticism and possible intervention. Prominent patterns are evidenced in the mid-2000s as China vetoed policies of the United Nations for possible intervention. This factor continues to be relative today, mainly due to the oppression of the Rohingya population in Rakhine State.

E. RESEARCH DESIGN

This thesis utilizes a historical comparative methodology to analyze why and how changes in Myanmar's domestic environment has led to changes in Sino-Myanmar relations. This thesis will examine three periods of domestic transition in Sino-Myanmar relations: First, from 2008 to 2010 during the final years of the SLORC/SPDC regime under General Than Shwe; second, from 2011 to 2015 during the transitional regime of the USDP under the reformist Thein Sein; and third, from 2016 to 2018 during the more democratic regime under de facto leader Aung San Suu Kyi and the NLD.

This thesis will utilize books, scholarly journals, think tank reports, news articles and speeches by government officials. This thesis will assess the importance of domestic politics and regime change in shaping Sino-Myanmar relations. Additionally, this thesis will look at the policy choices of each regime with a focus on bilateral trade between Myanmar and China, Chinese military support to ethnic armed organizations inside Myanmar, and China's role as a diplomatic protector of Myanmar.

⁵⁸ Joe Kumbun, "Opinion | Can A New President Pull Myanmar Out of the Quagmire of Conflict?," The Irrawaddy, March 29, 2018, <https://www.irrawaddy.com/opinion/guest-column/can-new-president-pull-myanmar-quagmire-conflict.html>.

The selection of these periods in Myanmar's history is significant for several reasons: first, Myanmar had significant changes within its governing regime; second, some clear indicators and triggers show variation in Sino-Myanmar relations; third, the analysis of these periods may provide policy implications regarding future Sino-Myanmar relations.

F. THESIS OVERVIEW AND DRAFT CHAPTER OUTLINE

This thesis asks why have Sino-Myanmar relations not shifted as drastically as initially predicted since the government's liberalization period in 2010? In support of the main question, this thesis will answer the following questions. What factors explain changes in the Sino-Myanmar relationship prior to liberalization? To what extent have Sino-Myanmar relations changed since liberalization? This thesis contains five chapters.

Whereas Chapter I focused on the first sub-question, Chapter's II and III will focus on the second sub-question examining Myanmar's liberalization period between 2008 to 2015. These chapters will characterize Sino-Myanmar relations under the last years of the SPDC and continue into the transitional regime of President Thein Sein and the USDP analyzing the four main driving factors of bilateral cooperation. The goal of these chapters will be to explain how domestic and international drivers led to heightened tension and a temporary deterioration in Sino-Myanmar cooperation.

Furthermore, Chapter IV will focus on the 2016 to 2018 years and will characterize Sino-Myanmar relations under Aung San Suu Kyi and the newly elected NLD party. The goal of this chapter will be to explain how domestic and international drivers have led to a rebound in Sino-Myanmar cooperation because of Myanmar's need for economic growth, border stability along the Sino-Myanmar border, and diplomatic support due to the ongoing Rohingya Crisis.

Lastly, Chapter V will summarize this thesis's main findings, provide policy recommendations, and recommend topics for further research. This thesis finds that despite a temporary weakening of Sino-Myanmar cooperation during liberalization, bilateral ties have rebounded because of the economic, security, and diplomatic benefits China provides. As a result, Myanmar's liberalization did not decrease Sino-Myanmar relations as much as initially predicted because of the three other factors involved in bilateral cooperation.

II. THE LAST SPDC YEARS: HEIGHTENED TENSION (2008 – 2010)

Chapter I characterized the historical nature and driving factors of Sino-Myanmar cooperation. Chapter II now examines how domestic challenges during the State Law and Order Restoration Council/State Peace and Developmental Council's (SLORC/SPDC) final years heightened Sino-Myanmar bilateral tension. The first section describes the nature of the SPDC's foreign policy challenge with China—internal security and economic overdependence. The second section then examines four crucial events during this period: the growth of Chinese foreign investments and Cyclone Nargis in 2008, the Kokang Incident in 2009, and Myanmar's transition to a quasi-civilian democracy in 2010. Also, this section evaluates the impact of these events on bilateral cooperation, paying close attention to the role played by the four interconnected driving factors of Sino-Myanmar cooperation described in Chapter I: regime type, diplomacy, economy, and security. The third section summarizes the findings of Chapter II and concludes by describing the challenges the new Union Solidarity Development Party (USDP) faced proceeding into 2011.

Chapter II finds that during the last years of the SPDC, Sino-Myanmar cooperation experienced heightened tension as a result of liberalization. The primary source of heightened tension stemmed from two reasons. First, China's influence over EAOs along the Sino-Myanmar border threatened Myanmar's internal security. This led to an ethnic conflict that erupted in 2009. Second, Myanmar's change in regime type to a "quasi-civilian" democracy caused domestic turmoil, leading to the development of an unanticipated element in bilateral cooperation—anti-Chinese sentiments. Combined, ethnic conflict and anti-Chinese sentiments produced heightened tension in bilateral cooperation.

A. MYANMAR'S FOREIGN POLICY DILEMMA

In response to the junta's bloody suppression of the 1988 uprising, western sanctions were levied on Myanmar, leaving the country with little international support. As a result, the SLORC/SPDC regime leaned heavily on China for diplomatic, military,

and economic assistance. Diplomatically, Myanmar looked to China to shield it from western states for its unfortunate history of human rights violations.⁵⁹ To strengthen its military capabilities, China supported the junta with defense capabilities estimated at US\$3 billion, a majority of which consisted of training, technical assistance, and military arms/equipment to combat EAOs and strengthen its internal security.⁶⁰ Economically, Myanmar benefitted from Chinese trade and investment, which grew significantly in 2010. These dependencies led to growing concerns among Tatmadaw leaders. Indeed, the increase in Chinese diplomatic, security and economic aid led to an increase in China's ability to influence Myanmar's economic, political, and social environments.

Scholarly observers questioned whether Myanmar's "political independence had been compromised by Naypyidaw's reliance on Chinese support."⁶¹ This perception disturbed Tatmadaw elites, leaving Myanmar with a complex foreign policy dilemma—how to properly manage Myanmar's relationship with China while tempering growing Chinese influence within Myanmar's domestic affairs.

B. CASE STUDIES

This section focuses on relevant case studies from 2008 to 2010 and examines the role played by the four driving factors of Sino-Myanmar cooperation described in Chapter 1: regime type, diplomacy, economy, and security. Additionally, this section describes the conditions and events that influenced bilateral relations to either increase or decrease in cooperation. The responses taken by both governments, therefore, measure cooperation.

1. The Diplomacy Factor – Reinforcing Previous Patterns

Myanmar's need for diplomatic protection from the international community stemmed from the Tatmadaw's oppressive nature towards its domestic population. As a result, Myanmar looked to China for diplomatic support to shield it from international institutions such as the United Nations, who criticized the Myanmar government for human

⁵⁹ Haacke, "The Nature and Management of Myanmar's Alignment with China,," 116.

⁶⁰ Steinberg and Fan, *Modern China-Myanmar Relations : Dilemmas of Mutual Dependence.*, 311.

⁶¹ Haacke, "The Nature and Management of Myanmar's Alignment with China,," 122.

rights atrocities. The events of Cyclone Nargis in 2008 displayed reinforced patterns of non-interference, mutual respect, and cordial *Pauk-Phaw* relations since 1988. Bilateral cooperation during Cyclone Nargis illustrated traditional *Pauk-Phaw* relations as China protected Myanmar from international proposals to interfere in Myanmar's domestic affairs as stipulated under the Responsibility to Protect (R2P) doctrine.⁶²

Due to a lack of foreign assistance, the SPDC was unable to resolve the devastation caused by Cyclone Nargis in 2008.⁶³ The cyclone destroyed homes, left thousands of refugees, and created a severe humanitarian crisis.⁶⁴ Roughly 2.4 million were affected with over 140,000 victims, and over 800,000 displaced.⁶⁵ The destruction and flooding of important croplands, to include Myanmar's "rice basket," and habitats left the population in need of food, lodging, and basic assistance.⁶⁶ Prices jumped as the scarcity of such resources increased. It was not until 2010 that the country began to show signs of recovery through assistance led by the Association of Southeast Asian Nations (ASEAN) and the United Nations (UN).⁶⁷ By July, ASEAN and the UN surrendered their lead roles to Myanmar, who assumed control over humanitarian relief efforts.⁶⁸ Still, the SPDC received worldwide criticism for its "lack of a state-led response" and reluctance to open its border to foreign assistance.⁶⁹

The events of Cyclone Nargis could not have come at a less opportune time for the SPDC and Beijing. For Myanmar, Cyclone Nargis occurred in the midst of the junta's

⁶² See Seng Tan, "Providers Not Protectors: Institutionalizing Responsible Sovereignty in Southeast Asia," *Asian Security* 7, no. 3 (September 1, 2011): 201–17, <https://doi.org/10.1080/14799855.2011.615081>, 207.

⁶³ Donald M. Seekins, "State, Society and Natural Disaster: Cyclone Nargis in Myanmar (Burma)," *Asian Journal of Social Science* 37, no. 5 (September 2009): 717–37, <https://doi.org/10.1163/156848409X12474536440500>, 719.

⁶⁴ Mely Caballero-Anthony, "The Responsibility to Protect in Southeast Asia: Opening up Spaces for Advancing Human Security," *The Pacific Review* 25, no. 1 (March 1, 2012): 113–34, <https://doi.org/10.1080/09512748.2011.632971>, 114.

⁶⁵ Seekins, "State, Society and Natural Disaster.," 717.

⁶⁶ Seekins., 718.

⁶⁷ Tan, "Providers Not Protectors.," 208.

⁶⁸ Tan., 208.

⁶⁹ Ashley South, *Ethnic Politics in Burma: States of Conflict*, 1 edition (Routledge, 2008)., 225.

transition towards a “disciplined-flourishing democracy.”⁷⁰ For China, the cyclone happened amidst its preparations for the 2008 Olympics, a symbolic display of China’s rise as a major global power. The chaos caused by Nargis thus presented both countries with complex challenges that were exacerbated by international scrutiny. Myanmar’s challenge consisted of two parts: its need for humanitarian aid and, intertwined with the first, the SPDC’s unwillingness to allow international assistance to flow across its borders. As a result of the SPDC’s fear of international intervention, Myanmar bolstered ties with China seeking both economic relief and diplomatic protection from western criticism.

When the SPDC finally allowed humanitarian assistance to flow across its borders, the government did so in a manner to “limit and control the provision of relief” by implementing several restrictive measures.⁷¹ First, government officials confiscated aid upon its arrival into Myanmar, only later to release it.⁷² Second, the SPDC subjugated relief workers to an extensive visa application process, which prevented or prolonged their entrance into the country.⁷³ Meanwhile, aid workers inside Myanmar were severely limited in movement and tightly controlled.⁷⁴ Third, the SPDC did little to support aircraft in neighboring countries carrying much-needed supplies.⁷⁵ Likewise, ship vessels sent from the United States, Britain, and France to support the relief effort were not permitted to port.⁷⁶ In the end, these actions only frustrated the international community, which perceived the SPDC’s response to Nargis as a discredit to the military-led regime. Most importantly, it reinforced previously perceived norms of the SPDC’s continuous, oppressive nature.⁷⁷

⁷⁰ Andrew Selth, “Even Paranoids Have Enemies: Cyclone Nargis and Myanmar’s Fears of Invasion,” *Contemporary Southeast Asia* 30, no. 3 (2008): 379–402.

⁷¹ Seekins, “State, Society and Natural Disaster,” 717.

⁷² Seekins., 717.

⁷³ Seekins., 717.

⁷⁴ Selth, “Even Paranoids Have Enemies.”

⁷⁵ Seekins, “State, Society and Natural Disaster,” 718.

⁷⁶ Selth, “Even Paranoids Have Enemies,” 388.

⁷⁷ South, *Ethnic Politics in Burma.*, 225.

The country's colonial history and the junta's ideology primarily framed the SPDC's response to Nargis. There were deeply embedded perceptions of Myanmar's past encounters with foreigners. Colonial experiences with the British throughout the Anglo-Burmese wars, China's support of the Communist Party of Burma (CPB) throughout the Cold War, and international condemnation of Myanmar's regime throughout the 8-8-88 uprising amplified a perception that foreign powers destabilized the country through its consistent meddling of Myanmar's domestic affairs.

A second reason stemmed from the Tatmadaw's ideology, which was based on the "Three National Causes – non-disintegration of the union...non-disintegration of national solidarity...and perpetuation of national solidarity."⁷⁸ Throughout Myanmar's numerous civil wars and insurgencies, the Tatmadaw had become largely entrenched in Burmese politics. As Tatmadaw interests were very nationalistic and patriotic, it was not surprising then that the military struggled to limit foreign influence to maintain Myanmar's state sovereignty and independence.⁷⁹ The combined influences of both past experiences and ideological beliefs thus reflected the context of Myanmar's reluctance to foreign intervention.

While the international community continued to criticize Myanmar's actions towards Cyclone Nargis, China responded both economically and diplomatically to assist the SPDC despite preparations for the 2008 Olympic Games. The Beijing Olympics signaled China's emergence as a global world power with an opportunity to showcase its maturity as a rising economic and significant political player.⁸⁰ Economically, China elected to bypass the UN and, instead, bilaterally pledged US\$5.2 million in humanitarian assistance to Myanmar.⁸¹ Diplomatically, China protected Myanmar from UN pressure and possible sanctions. Accusing the SPDC of committing crimes against humanity,

⁷⁸ Steinberg and Fan, *Modern China-Myanmar Relations: Dilemmas of Mutual Dependence*., 296.

⁷⁹ Steinberg and Fan., 297.

⁸⁰ "The 2008 Olympics' Impact on China – China Business Review," accessed March 13, 2018, <https://www.chinabusinessreview.com/the-2008-olympics-impact-on-china/>.

⁸¹ Antoneta Bezlova, "BURMA: Earthquake Lets China Off the Hook | Inter Press Service," accessed February 8, 2018, <http://www.ipsnews.net/2008/05/burma-earthquake-lets-china-off-the-hook/>.

western nations attempted to force their way into the country under stipulations of the R2P doctrine. Additionally, France “invoked the R2P to legitimize the forcible delivery of humanitarian assistance without the Myanmar junta’s consent.”⁸² In response, China, along with several other countries, such as Russia and South Africa, blocked these steps claiming Cyclone Nargis was an “internal matter that did not threaten international peace and security.”⁸³

From the diplomacy perspective, the last years of the SPDC depicted bolstered relations between Myanmar and China. With Myanmar’s limited opportunities to engage with the international community, China’s economic and diplomatic assistance became increasingly apparent during Cyclone Nargis. Whereas bilateral diplomatic relations had bolstered, Chinese economic influence among Myanmar’s domestic affairs continued to grow. This dependence precipitated tension in the future years of Sino-Myanmar cooperation.

2. The Security Factor – Challenging Previous Patterns

After appearing to improve during 2008, Myanmar’s relations with China worsened in 2009. The leading cause was an increase in conflict between Myanmar’s military and EAOs in regions along Myanmar’s border with China. The most important conflict was known as the Kokang Incident, which occurred in the northern Shan State bordering China’s Yunnan Province. The result of the conflict led to heightened tension and a decrease in Sino-Myanmar cooperation.

Whereas the SPDC’s desire to engage the Kokang was motivated mainly by attempts to increase Myanmar’s internal security by disarming EAOs in Myanmar’s peripheral regions, a political element also existed. As preparations were being made for the upcoming 2010 elections, the SPDC proceeded to retire the senior leaders of EAOs

⁸² Tan, “Providers Not Protectors,” 207.

⁸³ Roberta Cohen, “The Burma Cyclone and the Responsibility to Protect,” *Brookings*, July 21, 2008, <https://www.brookings.edu/on-the-record/the-burma-cyclone-and-the-responsibility-to-protect/>.

who could form opposition political parties.⁸⁴ This permanently marginalized those wanting to contest the election.

Meanwhile, in accordance with the 2008 constitution, the SPDC also maneuvered to enforce Article 338, a provision that required to “either disarm or transform [EAOs] into smaller, lightly armed Border Guard Forces (BGF).”⁸⁵ As a result, the integration of EAOs into BGFs deprived ethnic groups of their limited autonomy. Also, EAOs were required to incorporate Tatmadaw officers and soldiers into their units. Weaker EAOs adhered to the policy, but several EAOs feared the provision would put them under Tatmadaw control and refused.⁸⁶ In addition, China supported many of these factions, which proved to be problematic. Myanmar faced a significant security challenge.

Several objectors were factions that formerly consisted of the CPB, notably the Kokang, the Shan, the Kachin, and the 30,000 strong United Wa State Army (UWSA).⁸⁷ The complexity of the situation was muddled by China’s support of the EAOs which was “both strong and pervasive, reflecting not merely ethnic kinship ties across the border, but also professional and personal relationships of the leadership of the ethnic ceasefire groups with authorities in Yunnan.”⁸⁸ Much of this support took the form of business interests, economic support, and arms trafficking.⁸⁹ Not only frustrated by China’s support but also challenged by significant obstacles to national reconciliation and state-building, the SPDC mobilized militarily in April 2009 to the northern border areas.⁹⁰

⁸⁴ Jürgen Haacke, “China’s Role in the Pursuit of Security by Myanmar’s State Peace and Development Council: Boon and Bane?,” *The Pacific Review* 23, no. 1 (March 22, 2010): 113–37, <https://doi.org/10.1080/09512740903501982>, 118.

⁸⁵ Myoe, *In the Name of Pauk-Phaw*, 139.

⁸⁶ Haacke, “China’s Role in the Pursuit of Security by Myanmar’s State Peace and Development Council,” 118.

⁸⁷ Myoe, *In the Name of Pauk-Phaw*, 137.

⁸⁸ Haacke, “China’s Role in the Pursuit of Security by Myanmar’s State Peace and Development Council,” 126.

⁸⁹ Haacke., 127.

⁹⁰ Haacke., 118 – 127.

Distrust between the government and EAOs deepened as the SPDC sent troops to support a splinter faction, which agreed to the BGF provision, in the northern areas of the Shan State. The military's aggressive move was an attempt to "take advantage of disunity" and fragment the Myanmar National Democratic Alliance Army (MNDAA), the military arm of the Kokang.⁹¹ On August 8, 2009, the Tatmadaw engaged the MNDAA as troops raided the residence of leader Peng Jiasheng near the Kokang capital of Laogai. The fighting disrupted a temporary ceasefire agreement with the EAOs and caused instability along the Sino-Myanmar border (see Figure 1). Over 200 were killed or wounded during the Kokang Incident. An additional 37,000, to include Peng Jiasheng, fled and sought refuge in China.⁹²

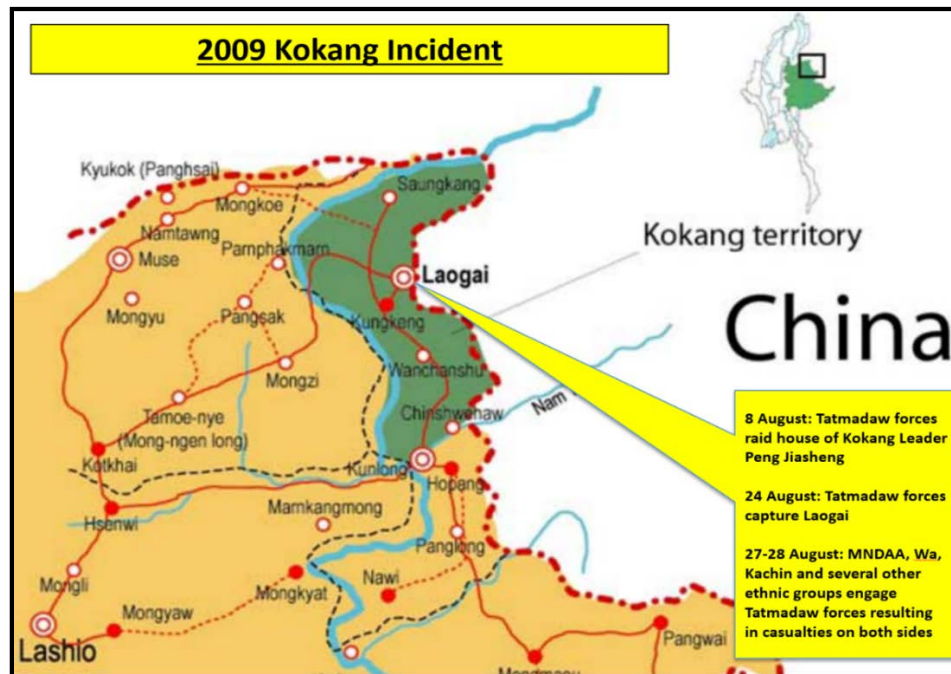


Figure 1. The 2009 Kokang Incident⁹³

⁹¹ Martin Smith, "Ethnic Politics in Myanmar: A Year of Tension and Anticipation," *Southeast Asian Affairs* 2010, no. 1 (2010): 214–34., 219.

⁹² Smith, "Ethnic Politics in Myanmar.," 219.

⁹³ Adapted from "EastSouthWestNorth: Exodus From Kokang," accessed February 16, 2018, http://www.zonaeuropa.com/20090828_1.htm.

The Kokang Incident disrupted Sino-Myanmar relations in several ways, sparking both military and diplomatic responses from China. Militarily, Beijing dispatched troops to the Sino-Myanmar border to protect its sovereignty and citizens.⁹⁴ Diplomatically, envoys were dispatched to Naypyidaw to discuss, ease, and alleviate bilateral relations. China's open public statement of the incident called the "SPDC to properly handle domestic problems and maintain stability in the China-Myanmar border region."⁹⁵ It was clear that the Kokang Incident frustrated Beijing and diverged from previous interactions similar to those in 1988.

Responses from both Myanmar and China were departures from previous *Pauk-Phaw* relations. First, Myanmar's usage of force, despite the consequences in its foreign relationship with China, illustrated a prioritization of the SPDC's national interests over its foreign policy. Second, China's military and public response were unlike previous patterns. Previous Chinese public responses had mostly aligned with politically correct rhetoric, emphasizing mutual non-interference along with maintaining peaceful coexistence. Whereas Cyclone Nargis had indicated reinforced patterns of cooperation, the Kokang Incident in 2009 depicted frustrations in Sino-Myanmar relations, particularly with China's support of EAOs. As a result, bilateral cooperation lessened because of heightened tension in Myanmar's internal security factor.

3. The Regime Type Factor – Changing Previous Patterns

The effects of Myanmar's political liberalization spanned over several years, beginning with the SLORC/SPDC regime and continuing through the transitional regime under Thein Sein and the USDP. During the final years of the SPDC, liberalization changed Myanmar's regime type, going from an entirely authoritarian rule under the Tatmadaw to a quasi-civilian authoritarian rule. Whereas Chapter I does not address liberalization as one of the four driving factors to Sino-Myanmar relations, the effects of liberalization both directly and indirectly affect the factors of the Sino-Myanmar relationship in various ways.

⁹⁴ Myoe, *In the Name of Pauk-Phaw.*, 138.

⁹⁵ Myoe., 139.

As early as 2003, Myanmar had discussed plans to ameliorate pressures of change through an orderly government transition and a new constitution.⁹⁶ Known as the “Roadmap to Democracy” and originally used as a delaying tactic by General Than Shwe, the roadmap was meant to appease foreign critics and reduce domestic pressures of political reform.⁹⁷ Whereas the adoption of a new constitution symbolized progress of the SPDC’s transition from a full authoritarian regime to a hybrid democracy, the constitution also entrenched provisions of the junta’s power.⁹⁸ As the SPDC had no real desires to transfer Myanmar to full civilian control, the government proceeded sluggishly to draft a constitution which took several years.⁹⁹

The events of the Saffron Revolution in 2007, however, accelerated efforts to implement the roadmap. Named after the colored robes of Buddhist monks who led the political movement, the removal of government subsidies on fuel caused gas prices to spike leading the population to protest for a new government. Facing international criticism once more, Myanmar coordinated efforts with China to overcome international pressures of intervention.¹⁰⁰ Myanmar’s Foreign Minister Nyan Win was sent to Beijing to reaffirm Myanmar’s commitment to “domestic stability, national solidarity, and economic growth.”¹⁰¹ Internationally, Chinese diplomats moved to water down the direct language of the UNSC’s Presidential Statement to the situation.¹⁰² Although China once again shielded Myanmar from international pressures, China’s bilateral engagements challenged Myanmar’s usage of force and violence. It called the junta to exercise restraint in support

⁹⁶ Donald M. Seekins, “Myanmar in 2008: Hardship, Compounded,” *Asian Survey* 49, no. 1 (2009): 166–73, <https://doi.org/10.1525/as.2009.49.1.166>, 166.

⁹⁷ Seekins., 167.

⁹⁸ U Khin Maung Win, “Burma Today News,” *Burma Today*, January 28, 2004.

⁹⁹ Seekins, “Myanmar in 2008,” 170.

¹⁰⁰ Myoe, *In the Name of Pauk-Phaw*, 129.

¹⁰¹ Myoe., 127.

¹⁰² Haacke, “China’s Role in the Pursuit of Security by Myanmar’s State Peace and Development Council,” 125.

of the country's political stability.¹⁰³ Nevertheless, the protests were put down violently resulting in several deaths and hundreds more arrested or detained.

The events of the Saffron Revolution had once again illustrated a bolstering of diplomatic ties in Sino-Myanmar cooperation. However, Myanmar's decision to use force, despite China's warning to refrain from violence, challenged previous patterns of *Pauk-Phaw* relations, indicating that there were indeed limits to China's diplomatic backing. Domestically, the Saffron Revolution had a different effect on the SPDC. It highlighted the challenges the regime would continue to face if changes in the authoritarian government did not occur.

In 2008, running parallel to the events of Cyclone Nargis, the government pushed to hold a new constitutional referendum.¹⁰⁴ Whereas recovery plans for Nargis were still maturing, the referendum for an SPDC-backed constitution progressed forward on May 10, roughly one week after the cyclone had made landfall on Myanmar's shores.¹⁰⁵ Instead of assisting the population along the affected southern coastal areas where the damage was most prominent, Tatmadaw soldiers were recalled to prepare for the voting polls.¹⁰⁶ Individuals were given ballots pre-marked "yes."¹⁰⁷ The voting was clearly fixed on the referendum. By the end of May, the referendum had passed by 92.48%.¹⁰⁸ The decision to release a manipulated draft constitution, especially during a time of national crisis, only resulted in further disenchantment of the SPDC regime.

Politically, China praised the adoption of the 2008 constitutional referendum despite international criticism of the referendum as being "undemocratic" and "rigged."¹⁰⁹ China welcomed Myanmar's opening to liberalization and encouraged the military junta to

¹⁰³ Haacke., 124.

¹⁰⁴ Seekins, "Myanmar in 2008.," 166.

¹⁰⁵ Seekins, 169.

¹⁰⁶ Seekins, 170.

¹⁰⁷ Seekins, 170.

¹⁰⁸ Seekins, 169.

¹⁰⁹ Steinberg and Fan, *Modern China-Myanmar Relations : Dilemmas of Mutual Dependence*, 160.

continue to progress towards democracy. According to author Myoe, reform was welcomed by China; progress towards a more democratic government was seen as “a viable way to cool down international pressure for political change in Myanmar.”¹¹⁰ Also, political stability ensured China’s economic interests were protected, which began to rise exponentially from 2008 to 2010. China understood that the Tatmadaw had been seeking avenues to eliminate its pariah status. As such, China’s response to liberalization aligned with its *Pauk-Phaw* tradition of mutual non-interference under the Five Principles of Peaceful Co-existence. China supported Myanmar’s effort “to promote good governance, political transition, and national reconciliation.”¹¹¹

The 2010 elections became the apex of the military junta’s roadmap towards “disciplined democracy,” leading to several political and social changes in Myanmar. Politically, the elections installed a “nominally civilian government” that was largely perceived to be a façade for the Tatmadaw’s continuous rule.¹¹² Socially, the government began to open to influences of public opinion. Nevertheless, despite blemishes of “widespread instances of intimidation, fraud, and other irregularities,” these elections were the first held in 20 years, garnered the usage of voting polls, and set the framework for the 2015 elections.¹¹³ The elections produced a transition from a full authoritarian rule to a quasi-civilian authoritarian rule under the Union Solidarity and Development Party.

Liberalization served two aims for the military-backed SPDC. First, liberalization provided a “veneer of legitimacy” to the ruling generals.¹¹⁴ A historical event that was met with great enthusiasm during the following weeks of the election was the release of political prisoner Aung San Suu Kyi. In October, the country changed its official name and flag.¹¹⁵ The prefix “Republic” was added to the “Union of Myanmar” while the flag shed

¹¹⁰ Myoe, *In the Name of Pauk-Phaw*, 129.

¹¹¹ Myoe., 137.

¹¹² Sean Turnell, “Myanmar in 2010: Doors Open, Doors Close,” *Asian Survey* 51, no. 1 (2011): 148–54, <https://doi.org/10.1525/as.2011.51.1.148>, 148.

¹¹³ Turnell., 148.

¹¹⁴ Kyaw Zwa Moe, “Burma’s Democracy: Just What the Generals Ordered,” *The Irrawaddy*, January 1, 2015, <https://www.irrawaddy.com/opinion/burmas-democracy-just-generals-ordered.html>.

¹¹⁵ Moe.

“the socialist era standard” and changed to the present-day trademark of a white star with yellow, green, and red horizontal stripes.¹¹⁶

Second, the creation of a new constitution “enshrine[d] the military’s role in politics.”¹¹⁷ Several provisions in the 2008 constitution assured the Tatmadaw maintained control and power over the new political system. First, the constitution ensured the junta would not be subject to prosecution; as such, they could not be held accountable for past wrongdoings.¹¹⁸ Second, the Tatmadaw reserved 25% of parliamentary seats, all appointed by the commander-in-chief.¹¹⁹ The percentage ensured the Tatmadaw had sufficient veto power in Parliament. Third, individuals were prohibited from holding any political office if they were married to foreigners or were previously married to foreigners.¹²⁰ This provision specifically aimed at Aung San Suu Kyi as her late husband, Michael Aris, was a British citizen. Fourth, the commander-in-chief maintained executive powers over “defense, home affairs, and border affairs.”¹²¹ The commander-in-chief also had considerable influence in the appointment of the presidents and the two vice-presidents.¹²² Lastly, perhaps the most significant was the stipulation that the Commander-in-Chief reserved the authority to dissolve a civilian government and reinstitute martial law.¹²³ The mechanisms embedded within the Burmese constitution permitted, and still permit, the Tatmadaw to exert influence over the government while appearing to implement political reform. Thus, the transitional government under the USDP was still very much a “‘democracy’ guided by military leadership.”¹²⁴

¹¹⁶ Turnell, “Myanmar in 2010.,” 151.

¹¹⁷ Moe, “Burma’s Democracy.”

¹¹⁸ Seekins, “Myanmar in 2008,” 167.

¹¹⁹ Zoltan Barany, “Exits from Military Rule: Lessons for Burma,” *Journal of Democracy* 26, no. 2 (April 13, 2015): 86–100, <https://doi.org/10.1353/jod.2015.0024>.

¹²⁰ Seekins, “Myanmar in 2008,” 167.

¹²¹ Seekins, 169.

¹²² Seekins, 170.

¹²³ Seekins, 170.

¹²⁴ Moe, “Burma’s Democracy.”

Although ethnic conflict along the Sino-Myanmar border had increased tension with the SPDC, China's response to the 2010 elections remained diplomatic and cordial. China welcomed Myanmar's opening of political space and holding of multi-party elections. The spokesperson for the China Ministry of Foreign Affairs, Hong Lei, congratulated Myanmar.¹²⁵ From Beijing's perspective, the elections were critical to "Myanmar's seven-step roadmap and transition to a democratic government."¹²⁶

Whereas Myanmar's domestic population and the international community condemned the elections as deeply flawed, China "praised [the] progress as ardently as other states opposed it."¹²⁷ China's response stemmed from economic access to Myanmar's natural resources in exchange for diplomatic backing.¹²⁸ The coupling of China's role as diplomatic protector with economic factors indicated the complex intertwining of the four driving factors of Sino-Myanmar relations. Overall, however, the effects of Myanmar's liberalization were beginning to challenge past patterns and change the nature of the four driving factors in Sino-Myanmar relations.

4. The Economy Factor – A New Pattern Emerges

The final years of the SPDC saw a significant rise in Sino-Myanmar economic cooperation resulting in an asymmetric relationship favoring China. Economic cooperation stemmed from two aspects. On the one hand, cooperation stemmed from Myanmar's need for foreign direct investment (FDI) to stimulate its stagnant economy. On the other hand, China's rise as an economic superpower during this period led to its need for greater energy security. Beijing "regarded Myanmar as a country of considerable geostrategic as well as geo-economic significance and business opportunity."¹²⁹ The mutually beneficial relationship of both countries during this period allowed economic cooperation to increase.

¹²⁵ "Timeline: China-Myanmar Relations," The Irrawaddy, November 25, 2017, <https://www.irrawaddy.com/specials/timeline-china-myanmar-relations.html>.

¹²⁶ Steinberg and Fan, *Modern China-Myanmar Relations : Dilemmas of Mutual Dependence*, 415.

¹²⁷ Steinberg and Fan, 160.

¹²⁸ Haacke, "The Nature and Management of Myanmar's Alignment with China," 105.

¹²⁹ Haacke, 122.

Nevertheless, Chinese foreign investment came at a price. Scholar's widely speculated that, in exchange for diplomatic protection and economic aid, the SPDC provided China with access to its natural resources.¹³⁰ In addition, China's landlocked southwest region enjoyed access to the Indian Ocean, allowing China to bypass the Malacca Strait for transporting its energy resources.¹³¹ As a result, China's need for access to both water and resources initiated considerable energy and natural resource investments into Myanmar.

In 2008, Chinese FDI consisted of less than US\$1 billion, making up less than 10% of Myanmar's total FDI (See Figure 2).¹³² By 2010, however, China's FDI into Myanmar rose to US\$8.3 billion, consisting of 93% of Myanmar's total FDI.¹³³ This notable jump came primarily from investments in the Myitsone Dam Project, the Letpadaung Copper Mine project, and the Sino-Myanmar oil and gas pipelines.¹³⁴ Collectively, these projects were valued to be more than US\$8 billion.¹³⁵

¹³⁰ Haacke, 122.

¹³¹ Haacke, 122.

¹³² Stephen Gelb, Linda Calabrese, and Xiaoyang Tang, "Foreign Direct Investment and Economic Transformation in Myanmar," 2017.

¹³³ Gelb, Calabrese, and Tang.

¹³⁴ Yun Sun, "Chinese Investment in Myanmar: What Lies Ahead?," *Great Powers and the Changing Myanmar*, 2013, 2.

¹³⁵ Sun, 2.

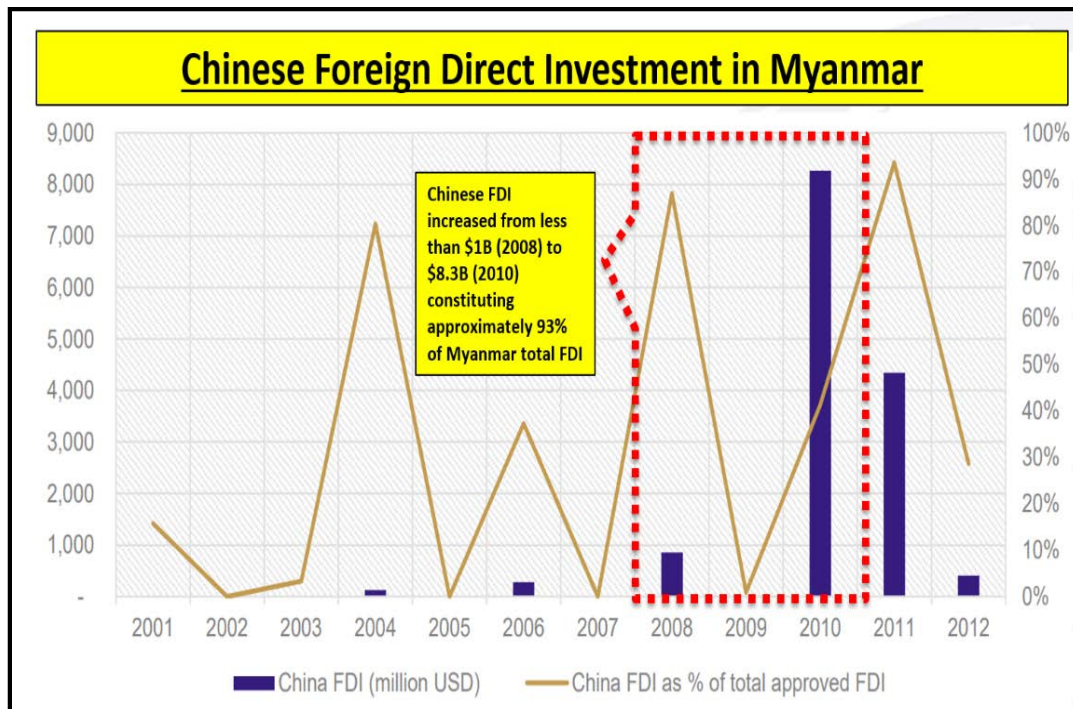


Figure 2. Chinese FDI in Myanmar (2001–2012)¹³⁶

Despite increases in Myanmar’s FDI, China’s extractive behaviors produced severe environmental and social effects.¹³⁷ In the case of the Myitsone Dam, this included the submerging of historical sites along the Mail and N’mai Hka rivers, which were widely considered to be the birthplace of Myanmar.¹³⁸ Socially, Myanmar’s vast population did not benefit from Chinese businesses and investors; it gave “little regard for sustainable development, job creation or technology transfers.”¹³⁹ In addition, power generated by both the dam and oil and gas pipelines flowed back to China, leaving Myanmar’s “extreme power shortage” with no solution.¹⁴⁰ As a result, the combined environmental and social

¹³⁶ Adapted from Gelb, Calabrese, and Tang.

¹³⁷ Sun, “China and the Changing Myanmar,” 57.

¹³⁸ “Irrawaddy Myitsone Dam,” International Rivers, accessed March 15, 2018, <https://www.internationalrivers.org/campaigns/irrawaddy-myitsone-dam-0>.

¹³⁹ Sun, “China and the Changing Myanmar,” 57.

¹⁴⁰ Sun, 57.

effects of Chinese investments underpinned the emergence of a new element in Sino-Myanmar relations—the growth of anti-Chinese sentiments.

C. ANALYZING THE FACTORS

This section examined and analyzed the role and impact of the four factors on Sino-Myanmar relations from 2008 to 2010. Whereas the case of Cyclone Nargis in 2008 reinforced previous SLORC patterns of *Pauk-Phaw* relations, the Kokang incident in 2009 challenged these patterns, which led to lessened bilateral cooperation. Tensions in Sino-Myanmar cooperation arose from Myanmar's decision to engage the EAOs despite the foreign relation risks from China. Furthermore, political liberalization began to open Myanmar's political space to public opinion making the SPDC increasingly receptive to a new element produced by Chinese economic overdependence—anti-Chinese sentiment. Combined, the increase in tension in Myanmar's internal security intertwined with the country's growth in economic dependence resulted in less cooperation as the SPDC transitioned to the quasi-civilian government under the USDP in 2010.

This section also made several observations in regards to the intertwined relationship of this thesis' four factors. First, the four factors do not operate independently from one another. The coupling of diplomatic and economic support from China during Cyclone Nargis and through liberalization suggests that these four factors are in fact, interrelated. Second, throughout different periods of time, one factor was not equally weighed against the other. For example, in 2009, Myanmar's security factor became much more important as the Tatmadaw attempted to reconcile the EAOs before elections. Likewise, the importance of the regime type factor increased as liberalization continued to reform Myanmar's government. During the SLORC years, the economic factor consistently provided evidence of cooperation. However, throughout the last years of the SPDC, the economic factor led to increased tension as the growth of Myanmar's overdependence was becoming a point of growing contention.

Third, liberalization during this period both directly and indirectly affected the Sino-Myanmar factors. Directly, liberalization changed Myanmar's regime type from a full authoritarian to quasi-civilian democracy and opened the government to public opinion,

which had mainly become anti-Chinese. Indirectly, liberalization affected Myanmar's security factor. Whereas its concern for internal security mainly drove the Tatmadaw's desire to reconcile the EAOs in 2009, there were also political motivations driven by the upcoming 2010 elections. As a result, military tension increased along the Sino-Myanmar border. The effects of Myanmar's liberalization had begun to exacerbate already increasing tensions in Sino-Myanmar relations.

D. CONCLUSION

This chapter looked at the SPDC's transitional years, examined how domestic challenges impacted the four driving factors described in Chapter I and found that Sino-Myanmar relations entered a problematic phase beginning in 2008. First, the Tatmadaw's desire to reconcile EAOs along the Sino-Myanmar border before elections erupted in ethnic conflict in 2009. As fighting ensued between the Tatmadaw and the Kokang, tension increased. Second, liberalization opened Myanmar's political space and led to the government's receptiveness towards public opinion, which had mainly become anti-Chinese. Collectively, these reasons led to growing tension, and a decline in Sino-Myanmar cooperation that progressed as reformist Thein Sein and the USDP took control in 2011.

III. THE USDP YEARS: WEAKENED BILATERAL COOPERATION (2011 – 2015)

Chapter II found that the impacts of Myanmar's liberalization shifted the character and nature of Sino-Myanmar cooperation—tensions heightened because of anti-Chinese sentiments and increased ethnic conflict. Throughout Myanmar's transitional years under reformist Thein Sein and the Union Solidarity and Development Party (USDP), bilateral ties continued to degrade, plummeting “to their lowest point for at least three decades.”¹⁴¹

Chapter III examines the conditions that precipitated the weakening of bilateral cooperation. The first section describes the changes of Myanmar's domestic and international environments from 2011 to 2015. The second section then examines how liberalization continued to influence the driving factors of Sino-Myanmar cooperation described in Chapter I: regime type, diplomacy, economy, and security. This section utilizes case studies and evaluates the factors, characterizing changes in Sino-Myanmar cooperation. The third section analyzes why these factors remain relevant in setting conditions for future bilateral cooperation. The fourth section summarizes the key findings of Chapter III.

This chapter finds that from 2011 to 2015, bilateral relations degraded for several reasons. First, relations warmed with the international community. As Myanmar's foreign policy diversified, the country relaxed its dependence on China.¹⁴² Second, pressures of anti-Chinese sentiments escalated into public protests, which impacted economic cooperation. Third, ethnic conflict continued to increase as the Tatmadaw engaged several EAOs, which destabilized Sino-Myanmar cooperation along the border. Collectively, these events challenged previous *Pauk-Phaw* patterns of Sino-Myanmar cooperation, leading relations to weaken, but not break.

¹⁴¹ Jürgen Haacke, *Myanmar's Foreign Policy under President U Thein Sein: Non-Aligned and Diversified*, Trends in Southeast Asia, 2016,4 (Singapore: ISEAS-Yusof Ishak Institute, 2016), ii.

¹⁴² Enze Han, “Geopolitics, Ethnic Conflicts along the Border, and Chinese Foreign Policy Changes toward Myanmar,” *Asian Security* 13, no. 1 (January 2, 2017): 59–73, <https://doi.org/10.1080/14799855.2017.1290988>, 62.

A. MYANMAR'S DOMESTIC AND FOREIGN POLICY CHANGES

With the conclusion of “flawed” elections in 2010, President Thein Sein and the USDP assumed control of the government, completing the transition to the first civilian government in nearly 50 years.¹⁴³ Politically, the government continued to “systematically address the elements of the roadmap, including reconciling pro-democracy groups and ethnic minorities.”¹⁴⁴ Economically, the government passed reforms in policies such as “currency exchange rates, taxation, foreign investment, and anti-corruption.”¹⁴⁵ While the government continued to implement both political and economic reform, western criticism towards Myanmar’s regime gradually relaxed. Furthermore, Myanmar’s changed international perception led to opportunities for rapprochement with the West.

Internationally, Myanmar’s liberalization drove a warming of relations with the West, followed by the country’s opening to foreign direct investment (FDI) and trade.¹⁴⁶ Having undergone years of international isolation, the government sought opportunities to open the country’s economic environment, alleviate sanctions, and diversify its foreign policy.¹⁴⁷ As Chinese influence increased throughout the SLORC/SPDC, relations became problematic with the significant growth of anti-Chinese sentiments pushing to relax Sino-Myanmar cooperation.¹⁴⁸ The USDP faced a significant challenge—the government was pinned between its receptiveness towards a civil society of anti-Chinese protests and its foreign policy of *Pauk-Phaw* relations with China.¹⁴⁹ As a result, Myanmar became

¹⁴³ Sean Turnell, “Myanmar in 2011: Confounding Expectations,” *Asian Survey* 52, no. 1 (2012): 157–64, <https://doi.org/10.1525/as.2012.52.1.157>, 158.

¹⁴⁴ Clapp et al., *The Influence of Domestic Issues on Myanmar’s Foreign Policy*, 19.

¹⁴⁵ Clapp et al., 19

¹⁴⁶ Clapp et al., 20.

¹⁴⁷ Moe, “Burma’s Democracy.”

¹⁴⁸ Haacke, *Myanmar’s Foreign Policy under President U Thein Sein*, ii.

¹⁴⁹ Chan, “Asymmetric Bargaining between Myanmar and China in the Myitsone Dam Controversy,” 675.

inclined to reduce bilateral cooperation with Beijing, seeking to “balance different external actors against one another to minimize external pressures and maximize concessions.”¹⁵⁰

Meanwhile, ethnic conflict re-emerged as the military conducted military operations against both the Kachin and the Kokang, producing significant strains on Sino-Myanmar cooperation. In 2011, heightened tensions over dam projects in the Kachin regions proliferated into violent fighting between the Tatmadaw and the Kachin Independence Army (KIA), one of the EAOs that signed a ceasefire agreement with the government in 1994.¹⁵¹ In 2015, as skirmishes continued irregularly with the Kachin, the Tatmadaw became entangled in another conflict as fighting resumed with the MNDAA in the Kokang region. Both conflicts intensified ethnic fighting, displaced personnel, and destabilized the Sino-Myanmar border.

B. CASE STUDIES

Similar to Chapter II, this section focuses on several significant case studies from 2011 to 2015 and examines the role played by the four driving factors of Sino-Myanmar cooperation described in Chapter I: regime type, diplomacy, economy, and security. This section evaluates Sino-Myanmar cooperation during liberalization under the USDP regime and analyzes diplomatic, economic, and security cooperation, utilizing vignettes to assess the increase or decrease of bilateral cooperation. The responses taken by both governments, therefore, measure cooperation.

1. The Regime Type Factor – The “Quasi-Civilian” Democracy

Upon taking office in March 2011, President Thein Sein immediately continued to liberalize the country, causing the international community to hope that Myanmar’s political landscape was indeed democratizing. During his first days in office, Thein Sein implemented a series of political, social, and economic reforms leading to several domestic

¹⁵⁰ Niklas Swanström, *Sino-Myanmar Relations: Security and beyond* (Institute for Security and Development Policy, 2012), 7.

¹⁵¹ Han, “Geopolitics, Ethnic Conflicts along the Border, and Chinese Foreign Policy Changes toward Myanmar,” 59.

changes.¹⁵² Politically, the government increased its interaction “with Aung San Suu Kyi, who had been released from her third seven-year period of house arrest,” and slowly integrated her into Myanmar’s political environment.¹⁵³ In August, Aung San Suu Kyi undertook her first political trip to meet with President Thein Sein.¹⁵⁴ This trip became a precursor to a series of meetings between the USDP and the opposition leader in an attempt to sway public sentiments towards the new regime.¹⁵⁵ Socially, government controls on electronic media relaxed, providing the public a plethora of information that was previously banned.¹⁵⁶ Regarding ethnic minorities and political opposition groups, the government attempted to seek a compromise in a “wide-ranging peace process.”¹⁵⁷ Economically, the USDP passed reforms in policies such as currency exchange rates, taxation, foreign investment, and anti-corruption, in an attempt to establish a stable market economy.¹⁵⁸ Also, the International Monetary Fund (IMF) was invited by the USDP to send an advisement team to assess the country’s exchange rate reform.¹⁵⁹ The domestic changes in Myanmar’s environment had been significant. While many “gaps were [still] apparent between the reform narrative and concrete action on the ground,” many in the international community continued to be surprised.¹⁶⁰

Perhaps the most significant, yet unanticipated, impact of Myanmar’s liberalization rested with its foreign policy relationship with China, the country’s largest benefactor since the SLORC/SPDC years. Years of isolation coupled with international sanctions brought Myanmar to lean heavily on China for diplomatic, military, and economic assistance.¹⁶¹

¹⁵² Clapp et al., *The Influence of Domestic Issues on Myanmar’s Foreign Policy*, 19.

¹⁵³ Turnell, “Myanmar in 2010,” 151.

¹⁵⁴ Turnell, 159.

¹⁵⁵ Turnell, “Myanmar in 2011,” 159.

¹⁵⁶ Clapp et al., *The Influence of Domestic Issues on Myanmar’s Foreign Policy*, 19.

¹⁵⁷ Clapp et al., 19.

¹⁵⁸ Clapp et al., 19.

¹⁵⁹ Turnell, “Myanmar in 2011,” 159.

¹⁶⁰ Turnell, 157.

¹⁶¹ Swanström, *Sino-Myanmar Relations*, 5.

As a result, bilateral ties considerably strengthened. Tatmadaw elites developed concerns over China's increased influence as relations were perceived to be asymmetrically in favor of China.¹⁶² The Tatmadaw were irritated, particularly when dealing with China to address Myanmar's internal security along the border. Whereas Chinese relations during the SLORC/SPDC regime proved beneficial in resolving Myanmar's ethnic minority challenges, this perception shifted because of the Tatmadaw's experiences during the Kokang Conflict in 2009.¹⁶³ As Haacke states, "China was no longer regarded as an asset," rather, "China came to be seen as accentuating" Myanmar's ethnic minority challenge.¹⁶⁴ The Tatmadaw thus considered opportunities to loosen relations with China by diversifying Myanmar's foreign policy portfolio.¹⁶⁵

Anti-Chinese sentiments on the lower levels of Myanmar society further reinforced the Tatmadaw's desire to loosen relations with Beijing. These sentiments stemmed from several aspects. First, the population viewed China's support of the Tatmadaw as the main reason for the junta's sustained power.¹⁶⁶ Both military and economic support from China enabled the junta to continue its aggressive policy of political repression. China, in this regard, was "guilty by association" for tolerating the Tatmadaw's oppressive nature. Second, the population was also unhappy about the severe environmental and social effects of various Sino-Myanmar economic ventures.¹⁶⁷ Environmentally, several projects were built on sacred rivers or land, caused flooding, or displaced inhabitants—none of which was favorable to the local populace.¹⁶⁸ Economically, most of Myanmar's population did not benefit from Chinese businesses and investors, because Beijing gave "little regard for sustainable development, job creation or technology

¹⁶² Haacke, *Myanmar's Foreign Policy under President U Thein Sein*, 9.

¹⁶³ Haacke, 7.

¹⁶⁴ Haacke, 7.

¹⁶⁵ Haacke, 1.

¹⁶⁶ Myoe, *In the Name of Pauk-Phaw*, 127.

¹⁶⁷ Sun, "China and the Changing Myanmar.," 57.

¹⁶⁸ "Environmental Impact Assessment for the Myitsone Dam," International Rivers, accessed March 15, 2018, <https://www.internationalrivers.org/resources/environmental-impact-assessment-for-the-myitsone-dam-2449>.

transfers.”¹⁶⁹ In many cases, a vast majority of the output from China’s energy projects flowed back across Chinese borders to support the Yunnan Province. As a result, the projects did little to assist Myanmar’s weak energy situation. Indeed, sentiments of “dissatisfaction over China’s growing influence” seemed to become increasingly popular among both the Tatmadaw elites and the domestic population.¹⁷⁰

2. The Diplomatic Factor – Warm Relations with the West

The political, economic, and social reforms Myanmar undertook opened windows of opportunity to bolster relations with the international community. As a result, Myanmar’s liberalization “paid dividends in terms of the country’s external relations.”¹⁷¹ Thein Sein re-established previous foreign policies, gaining access to much needed foreign direct investment from various global financial institutions.¹⁷² Country cooperation with regional powers such as India, Japan, and the United States strengthened.¹⁷³

Several examples depict Myanmar’s strengthening of relations with the international communities. Whereas the Indian navy had conducted port calls as early as 2002, liberalization brought an increase in security and defense cooperation efforts.¹⁷⁴ In 2013, the Myanmar navy conducted its port call to India.¹⁷⁵ In addition, both countries began bilateral exercises patrolling the southern Bay of Bengal.¹⁷⁶ Similarly, Myanmar-Japan relations improved with diplomatic visits in 2012 and 2013.¹⁷⁷ Japan played a key role in assisting Myanmar clear debts “with the World Bank and Asian Development

¹⁶⁹ Sun, “China and the Changing Myanmar,” 57.

¹⁷⁰ Bertil Lintner, “Burma Delivers Its First Rebuff to China,” *Yale Macmillan Center*, October 3, 2011, <https://yaleglobal.yale.edu/content/burma-delivers-its-first-rebuff-china>.

¹⁷¹ Turnell, “Myanmar in 2011,” 162.

¹⁷² Clapp et al., *The Influence of Domestic Issues on Myanmar’s Foreign Policy*, 19.

¹⁷³ Haacke, *Myanmar’s Foreign Policy under President U Thein Sein*, ii.

¹⁷⁴ Haacke, 13.

¹⁷⁵ Myint-U, Thant, *Where China Meets India: Burma and the New Crossroads of Asia: Thant Myint-U: 9780374533526: Amazon.com: Books* (New York: Farrar, Straus and Giroux), accessed September 21, 2017, <https://www.amazon.com/Where-China-Meets-India-Crossroads/dp/0374533520>.

¹⁷⁶ Haacke, *Myanmar’s Foreign Policy under President U Thein Sein*, 16.

¹⁷⁷ Haacke, 16.

Bank.”¹⁷⁸ Unlike the United States and other western powers, after the 8–8–88 uprising, Tokyo did not impose sanctions on Myanmar.¹⁷⁹ Rather, Tokyo had offered significant debt relief in hopes of influencing reform and incentivizing global financial institutions to return.¹⁸⁰ The strengthening of ties with various regional partners led to the diversification of Myanmar’s foreign policy portfolio.

The most significant strengthening of relations for Myanmar, however, was its rapprochement with the United States. Whereas U.S.-Myanmar relations had not been stable since 1988, relations changed under President Obama as the United States began to “pivot to the Pacific.”¹⁸¹ In August of 2011, the Obama administration appointed “Derek Mitchell as special representative and policy coordinator for Myanmar.”¹⁸² This office proved to be critical in bolstering relations with the United States, alleviating sanctions, and paving the path for “U.S. Secretary of State Hillary Clinton’s visit to Myanmar in November of 2011.”¹⁸³ As a result, the United States reshaped their political agenda to reflect “strategic engagement” policies with Myanmar leading to the improvement of bilateral relations.¹⁸⁴ In 2012, President Obama visited Myanmar in a show of acceptance of the USDP’s legitimacy and in support of the reforms the government had implemented.¹⁸⁵ Thus, Myanmar became the “new darling of the West” as sanctions were lifted and Western aid began to flow.¹⁸⁶

¹⁷⁸ Haacke, 17.

¹⁷⁹ Haacke, 15.

¹⁸⁰ Haacke, 16.

¹⁸¹ Obama Administration, “National Security Strategy 2015” (The White House, February 6, 2015), <http://nssarchive.us/national-security-strategy-2015/>.

¹⁸² Turnell, “Myanmar in 2011,” 162.

¹⁸³ Turnell, 163.

¹⁸⁴ Turnell, 163.

¹⁸⁵ Haacke, *Myanmar’s Foreign Policy under President U Thein Sein*, 23.

¹⁸⁶ Lintner, “Myanmar as China’s Corridor to the Sea.”

3. The Economic Factor – Anti-Chinese Protests

Compared to previous years of Sino-Myanmar economic cooperation, relations notably declined during the USDP years. The main source of the decline grew from public protests over various Sino-Myanmar projects. Aware of the oncoming turmoil in Myanmar's domestic politics, Chinese investors pushed to finalize three major investments in hydropower, mining, and energy transportation just before the 2010 elections.¹⁸⁷ These projects were the "Myitsone Dam, the Letpadaung Copper Mine, and the Sino-Myanmar oil and gas pipelines."¹⁸⁸ Combined, these projects consisted of US\$13 billion in investments, leading China to become Myanmar's top source for foreign investments.¹⁸⁹

Of the three projects, the most significant was the Myitsone Dam, a US\$3.6 billion joint venture between China and several Myanmar contractors.¹⁹⁰ During the USDP years, these three projects became the main sources of public pressure that led to the decline of Sino-Myanmar economic cooperation (see Figure 3).

¹⁸⁷ Sun, "Chinese Investment in Myanmar," 1.

¹⁸⁸ Sun, 5.

¹⁸⁹ Sun, 2.

Gelb, Calabrese, and Tang, "Foreign Direct Investment and Economic Transformation in Myanmar."

¹⁹⁰ Sun, "Chinese Investment in Myanmar," 11.



Figure 3. The Myitsone Dam, the Letpadaung Mine, and Sino-Myanmar Oil and Gas Pipelines¹⁹¹

While negotiations on the Myitsone Dam project had concluded in 2009, the project drew criticism for several reasons.¹⁹² First, the dam's location was along the Irrawaddy River in the region of the Kachin.¹⁹³ The Kachin considered the area sacred while the Irrawaddy was known as a historical site for all Burmese.¹⁹⁴ Second, the project was meant to produce hydroelectric power to support both countries, thus partly resolving Myanmar's lack of energy challenge. However, 90% of the output flowed into China's Yunnan

¹⁹¹ Source: Shibani Mahtani, "China Moves to Revive Its Sway in Myanmar," *Wall Street Journal*, February 28, 2016, sec. World, <http://www.wsj.com/articles/china-moves-to-revive-its-sway-in-myanmar-1456697644>.

¹⁹² Turnell, "Myanmar in 2011" 159.; Chan, "Asymmetric Bargaining between Myanmar and China in the Myitsone Dam Controversy" 674.

¹⁹³ Sun, "Chinese Investment in Myanmar," 7.

¹⁹⁴ Sun., 7.

Province, essentially leaving Myanmar's population with no feasible solution for its weak power situation.¹⁹⁵ Third, there were enormous social and environmental impacts. Thousands of villagers and fisherman would be displaced while sediment flows affected others located downstream.¹⁹⁶ Coupled with the flooding of an area roughly the size of Singapore, these aspects ignited public protests from both domestic and international audiences.¹⁹⁷

Appealing to public protests, on September 30, 2011, President Thein Sein decided to suspend work on the dam "until the end of his tenure."¹⁹⁸ By doing this, Thein Sein challenged previous norms of Sino-Myanmar cooperation. He based his decision on public opposition and both social and environmental impacts. Also, Thein Sein stated his actions were based on the "will of the people," and in "light of democracy."¹⁹⁹ Many stakeholders—including the project's main investor the Chinese Power Investment Corp (CPI)—were stunned and at a loss.²⁰⁰ Trapped between its receptiveness to public protests and its close relationship with China, the USDP moved to appease the public. Author Debby Sze Wan Chan remarks that "the quasi-civilian government that had prepared to gain legitimacy through elections could no longer be exempted from paying audience costs for failing domestic constituents in international economic disputes."²⁰¹ Thein Sein's decision was popular as it garnered support from both the domestic population and senior elites.²⁰² Nevertheless, the dam's suspension came as a significant shock to China.²⁰³

¹⁹⁵ Turnell, "Myanmar in 2011," 159.

¹⁹⁶ Sun, "Chinese Investment in Myanmar,," 7,

¹⁹⁷ Turnell, "Myanmar in 2011," 159.

¹⁹⁸ Chan, "Asymmetric Bargaining between Myanmar and China in the Myitsone Dam Controversy," 674.

¹⁹⁹ Thomas Fuller, "Myanmar Suspends Construction of Myitsone Dam," *New York Times*, September 30, 2011, sec. Asia Pacific, <https://www.nytimes.com/2011/10/01/world/asia/myanmar-suspends-construction-of-controversial-dam.html>.

²⁰⁰ Luke Hunt Diplomat The, "Burma Bamboozles China," *The Diplomat*, accessed September 18, 2017, <http://thediplomat.com/2011/10/burma-bamboozles-china/>; Turnell, "Myanmar in 2011," 157.

²⁰¹ Chan, "Asymmetric Bargaining between Myanmar and China in the Myitsone Dam Controversy," 675.

²⁰² Turnell, "Myanmar in 2011," 160.

²⁰³ Fuller, "Myanmar Suspends Construction of Myitsone Dam."

The Myitsone Dam was not the only Sino-Myanmar project affected by public opposition. In 2012, the government temporarily halted work on the Letpadaung Copper Mine in Monywa, Sagaing Region for “land grabbing and environmental pollution.”²⁰⁴ The project was a “joint venture between Wanbao Mining—a subsidiary of China North Industries Corporation (NORINCO)—and Union of Myanmar Economic Holdings Ltd (UMEHL).”²⁰⁵ This time, however, protests were violently put down by the government, leaving “70-100 activists with severe injuries.”²⁰⁶ An investigation committee led by Aung San Suu Kyi was initiated to alleviate public concerns and examine the project’s social and environmental impacts.²⁰⁷ Whereas the report authorized the project’s continuation, it also stipulated that the project lacked environmental, social, and health assessments.²⁰⁸ Work eventually resumed with the completion of the assessments. However, China now understood that to protect its economic interests, Beijing needed to adjust its business practices with the local population to accommodate Myanmar’s opening to public opinion.

A third project that experienced challenges during Myanmar’s political transition were the Sino-Myanmar Oil and Gas Pipelines. Similar to the Letpadaung Mine and Myitsone Dam, the joint venture project “between China National Petroleum Company (CNPC) and Myanmar’s Ministry of Energy” also concluded negotiations in 2009, with construction beginning in 2010.²⁰⁹ Both the gas and oil pipelines were completed in 2013 and 2014, respectively.²¹⁰ Similarly, controversy focused on social and environmental impacts. However, these issues were not as severely exacerbated by protests when compared to the Myitsone Dam and Letpadaung Copper Mine. This was because the pipelines included several other foreign stakeholder countries—India and South Korea.²¹¹

²⁰⁴ Sun, “Chinese Investment in Myanmar,” 5.

²⁰⁵ Sun., 5.

²⁰⁶ Ian Holliday, “Myanmar in 2012: Toward a Normal State,” *Asian Survey* 53, no. 1 (2013): 93–100, 95.

²⁰⁷ Sun, “Chinese Investment in Myanmar,” 6.

²⁰⁸ Sun., 6.

²⁰⁹ Sun., 8.

²¹⁰ Sun., 8.

²¹¹ Sun., 8.

From 2010 to 2013, Chinese investment degraded from \$8.2B in 2010 to \$56M.²¹² During the Thein Sein years, Myanmar's opening to public opinions caused Sino-Myanmar relations to experience "cooperation difficulties."²¹³ Although Chinese FDI had rebounded to \$2.3 billion by 2015, these numbers were still significantly reduced in comparison to numbers before liberalization in 2010.²¹⁴

4. The Security Factor – Border Instability

Similar to the economic factor, cooperation over Myanmar's internal security degraded during the USDP years. Although this factor has been the most influential source of Myanmar's frustration with China, it is also the main reason why bilateral cooperation mostly continues. From 2011 to 2015, bilateral cooperation lessened because of two significant events. The first event stemmed from the 2011 Kachin Conflict, which ended a 17-year ceasefire and continues today.²¹⁵ The second event arose from the re-emergence of the Kokang Conflict in 2015 which has also continued sporadically throughout the years. Each event provoked different responses from China, alluding to the immense complexity of Sino-Myanmar internal security relations.

After dealing with the Kokang in 2009, fighting along the Sino-Myanmar border arose in 2011 as the Tatmadaw moved to disarm and neutralize the Kachin Independence Army (KIA), one of the ethnic groups that had signed a ceasefire agreement in 1994.²¹⁶ Whereas the trigger for the immediate fighting arose over control of the Chinese Dapein Dam, the main source of the overall conflict spawned from decades of ethnic grievances that dated back to Myanmar's independence. In 1994, the government allowed the Kachin Independence Organization (KIO) to have political autonomy in exchange for signing the

²¹² Sun, "A New Era for China-Myanmar Relations?"

²¹³ Sun, "Chinese Investment in Myanmar," 1.

²¹⁴ Gelb, Calabrese, and Tang, "Foreign Direct Investment and Economic Transformation in Myanmar."

²¹⁵ Mandy Sadan, ed., *War and Peace in the Borderlands of Myanmar: The Kachin Ceasefire, 1994–2011*, Paper edition edition (Copenhagen: NIAS Press, 2016).

²¹⁶ Yun Sun, "China, the United States and the Kachin Conflict," *Great Powers and the Changing Myanmar* (Stimson, January 2014)., 4.

ceasefire agreement.²¹⁷ The agreement created temporary stability and peace between the Kachin and the military for 17 years.²¹⁸ Before the 2010 elections, the ceasefire began to unravel when the KIO rejected the Tatmadaw's push to convert EAOs into Border Guard Forces (BGF).²¹⁹ On June 9, 2011, fighting broke out in Kachin State when Tatmadaw forces engaged in military operations to secure a hydropower power project funded by the Chinese Datang Group, the Dapein Dam.²²⁰ The initial conflict left several dead with thousands more fleeing the region across the Sino-Myanmar border.²²¹ Contrasted to the Kokang Incident in 2009, which was considered an "easy success" due to the relative number of Kokang forces, the KIA represented a more significant challenge with an army of roughly 4,000.²²²

President Thein Sein attempted to contain the conflict several times by ordering a halt to military operations but was unsuccessful and ignored by Tatmadaw leaders.²²³ As a result, sporadic fighting continued into 2013.²²⁴ During this time, the government attempted to resolve issues through ceasefire negotiations. However, this produced few results because the two sides were unable to achieve an acceptable compromise. In January of 2013, the "Tatmadaw launched large-scale air strikes and artillery attacks" on the KIO headquarters based in Laiza, near the Sino-Myanmar border.²²⁵ Both air and artillery strikes exploded inside Chinese territory causing thousands again to flee across the border

²¹⁷ Yun Sun, "China, the United States, and the Kachin Conflict," Stimson Center, accessed April 11, 2018, <https://www.stimson.org/content/china-united-states-and-kachin-conflict>, 4.

²¹⁸ Sun, "China, the United States and the Kachin Conflict.," 4.

²¹⁹ Sun., 4.

²²⁰ Sun., 7.

²²¹ Michael Martina, "Refugees Flee Myanmar Clashes near Chinese Border," *Reuters*, June 14, 2011, <https://www.reuters.com/article/us-myanmar-china/refugees-flee-myanmar-clashes-near-chinese-border-idUSTRE75D2CK20110614>.

²²² Donald M. Seekins, "Myanmar in 2009: A New Political Era?," *Asian Survey* 50, no. 1 (February 1, 2010): 195–202, <https://doi.org/10.1525/as.2010.50.1.195>, 201.

²²³ Sun, "China, the United States and the Kachin Conflict.," 8.

²²⁴ Sun., 8.

²²⁵ Sun., 8.

to seek refuge. In response, China mobilized troops along the border to ensure stability.²²⁶ As a result, the conflict presented severe challenges for both China and Myanmar.

Myanmar's liberalization caused China's responses to vary in the 2011 and 2013 Kachin conflicts—the latter provoked a mobilization of Chinese forces along with an active intervention for ceasefire talks.²²⁷ The changes in Chinese responses were due to two reasons. The first reason stemmed from the timing of the conflicts, coupled with Myanmar's political liberalization. According to Sun, China's response to the Kachin Conflict in 2011 was mostly “aloof and distant.”²²⁸ At this point, Chinese investments had remained unaffected. However, by 2013, public protests had penetrated various Sino-Myanmar projects such as the Myitsone Dam and the Sino-Myanmar oil and gas pipelines, the latter of which was operational by 2013. Thus, the undermining of China's economic interests provoked a “more proactive response” to the Kachin Conflict in 2013.

The second reason arose from the warming of Myanmar's relations with the West. Both the USDP and the KIO invited the U.S. and U.K. to observe negotiations.²²⁹ China rejected the proposal. A U.S. presence, particularly along China's borders, was of great concern to Chinese national security.²³⁰ In addition, according to Han, China became more involved in the Kachin Conflict “because it was concerned about the involvement of the U.S. and UK in the peace-negotiation process.”²³¹ As a result, China proactively engaged with border stability issues in an attempt to protect its economic interests and national security. The contrast between Chinese responses in 2011 and 2013 highlighted a change in patterns of Sino-Myanmar relations.

²²⁶ Beijing Newsroom, “China Sends Troops to Border with Conflict-Torn Myanmar: Media,” *Reuters*, January 11, 2013, <https://www.reuters.com/article/us-china-myanmar/china-sends-troops-to-border-with-conflict-torn-myanmar-media-idUSBRE90A0FN20130111>.

²²⁷ Han, “Geopolitics, Ethnic Conflicts along the Border, and Chinese Foreign Policy Changes toward Myanmar,” 66.

²²⁸ Sun, “China, the United States and the Kachin Conflict,” 7.

²²⁹ Sun., 9.

²³⁰ Sun., 9.

²³¹ Han, “Geopolitics, Ethnic Conflicts along the Border, and Chinese Foreign Policy Changes toward Myanmar,” 66.

Aside from the Kachin Conflict, fighting between the Tatmadaw and the Kokang resurfaced in 2015 as Kokang leader Peng Jiasheng returned after fleeing the region in 2009.²³² His attempt to reclaim the Kokang region engulfed the MNDA in several months of fighting with the military. In response, the Tatmadaw launched air strikes on the MNDA. Due to the proximity of the MNDA to the Sino-Myanmar border, five Chinese citizens died. Although Myanmar issued a formal apology to Beijing, China aggressively responded “by conducting a series of integrated live-fire drills.”²³³ The military escalation of force clearly illustrated yet another departure of *Pauk-Phaw* relations. According to Haacke, during this period, “bilateral relations hit a low.”²³⁴

In regards to Sino-Myanmar cooperation, both the Kachin Conflict in 2013 and the Kokang Conflict in 2015 depicted clear departures from traditional *Pauk-Phaw* patterns. In both instances, China’s frustrations were made evident with the mobilization of forces to maintain stability along the Sino-Myanmar border. In addition, the Kachin conflict “became the first instance where the Chinese government was actively involved in rounds of peace negotiations between the Myanmar government and an ethnic rebel group.”²³⁵ China’s actions were a sharp departure from Sino-Myanmar relations under the Five Principles of Peaceful Coexistence, specifically in regards to non-intervention in one’s domestic affairs.²³⁶ Indeed, the instability along the Sino-Myanmar border contributed significantly to the downgrading of Sino-Myanmar cooperation.

C. ANALYZING THE FACTORS

The previous section examined both the role and impact of the four factors that shaped Sino-Myanmar relations from 2011 to 2015. Whereas political liberalization directly affected Myanmar’s regime type, it also indirectly affected the diplomatic,

²³² Haacke, *Myanmar’s Foreign Policy under President U Thein Sein*, 9.

²³³ Haacke., 9.

²³⁴ Haacke., 9–10.

²³⁵ Han, “Geopolitics, Ethnic Conflicts along the Border, and Chinese Foreign Policy Changes toward Myanmar,” 66.

²³⁶ Han., 66.

economic, and security factors. Thus, the collective decline in these three factors led to a relaxing in bilateral cooperation.

Myanmar's need for diplomatic protection declined as political liberalization provided opportunities to reestablish relations with the West. Thein Sein and the USDP diversified Myanmar's foreign policy portfolio. Myanmar strengthened relations with India, Japan, and the United States, opening the country to foreign direct investment and trade. As a result, international sanctions began to relax beginning in 2012, causing Myanmar's economic dependence on China to fall.²³⁷

Economic dependence on China declined significantly with the development of public protests towards Chinese investment projects. Chinese FDI numbers "sharply dropped" in 2012 when compared to the prior liberalization year of 2010.²³⁸ Although FDI rebounded in 2015, FDI never peaked as high as its apex in 2010. China learned several valuable, but harsh, lessons from Myanmar's political liberalization. First, state-to-state interactions solely with the Tatmadaw were no longer sufficient to protect its economic interests. Because the agreements to develop the Myitsone Dam, the Letpadaung Mine, and the Sino-Myanmar Oil and Gas Pipelines was concluded amidst Myanmar's political transition, they were not endorsed by the country's domestic population, which had mainly become anti-Chinese.²³⁹ Beijing would now have to engage at the lower levels to garner support from the local communities.²⁴⁰ Second, coupled with the first, China's extractive business practices and norms re-oriented. If Beijing wanted to shift perceptions to be more favorable to Myanmar's local communities, Chinese business practices needed to incorporate the environmental, health, and social impacts of future projects.²⁴¹ Third, it became apparent that Chinese economic influence within Myanmar's domestic affairs was

²³⁷ Annie Lowrey, "U.S. Sanctions on Myanmar Formally Eased," *New York Times*, July 11, 2012, sec. Asia Pacific, <https://www.nytimes.com/2012/07/12/world/asia/us-sanctions-on-myanmar-formally-eased.html>.

²³⁸ Sun, "Chinese Investment in Myanmar," 1.

²³⁹ Chan, "Asymmetric Bargaining between Myanmar and China in the Myitsone Dam Controversy," 675.

²⁴⁰ Sun, "Chinese Investment in Myanmar," 5.

²⁴¹ Sun., 5.

no longer monolithic—the warming of relations with the West diversified Myanmar’s economic portfolio.²⁴² As a result, Beijing now competed with new foreign direct investors.²⁴³ A new pattern emerged within Sino-Myanmar economic cooperation.

The Sino-Myanmar security factor decreased cooperation for several reasons. First, the Tatmadaw had “long-standing suspicions” that China’s influence exacerbated Myanmar’s ethnic conflict challenge rather than alleviate it.²⁴⁴ China’s expanded influence thus hindered Myanmar’s national interest in state building.²⁴⁵ Second, substantial disagreements existed as to how to resolve the ethnic conflict challenge. On the one hand, Myanmar adopted a hybrid strategy of diplomacy and military force to resolve the EAO dilemma. On the other hand, China encouraged a more diplomatic solution, favoring dialogue and encouraging the ceasefire process to move forward. Third, related to the second, was China’s involvement in ceasefire negotiations. Myanmar’s warming of relations with the West opened potential opportunities to “internationalize” the ethnic conflict challenge, which greatly concerned China.²⁴⁶ Whereas Myanmar deemed the involvement of international players in ceasefire negotiations as acceptable, China “saw the invitation as insidious,” and against “Chinese national interests.”²⁴⁷ As a result, China continues to mediate in peace negotiations and contests any external involvement.²⁴⁸ The ethnic fighting continues and has resulted in the deaths of thousands on both the Tatmadaw and EAO fronts. The Kachin Conflict alone has displaced well over 100,000 civilians, with no apparent solution in sight.²⁴⁹

²⁴² Haacke, *Myanmar’s Foreign Policy under President U Thein Sein*, 9.

²⁴³ Clapp et al., *The Influence of Domestic Issues on Myanmar’s Foreign Policy*, 19.

²⁴⁴ Haacke, *Myanmar’s Foreign Policy under President U Thein Sein*, 10.

²⁴⁵ Sun, “China and the Changing Myanmar,” 10.

²⁴⁶ Sun, “China, the United States and the Kachin Conflict,” 9.

²⁴⁷ Sun., 9.

²⁴⁸ Sun., 10.

²⁴⁹ Dustin Barter, “The Forgotten War in Kachin State,” *Frontier Myanmar*, October 23, 2017, <https://frontiermyanmar.net/en/the-forgotten-war-in-kachin-state>.

D. CONCLUSION

Chapter III finds that Myanmar's continued political liberalization precipitated the weakening of bilateral cooperation with China. Liberalization changed Myanmar's domestic and international environments, leading to changes in its foreign policy with China. The leading causes were due to Myanmar's public pressures against Sino-Myanmar commercial projects, increased ethnic conflict along Myanmar's shared border with China, and Myanmar's warming of relations with the West.

Domestically, Myanmar's receptiveness towards public opinion transformed years of anti-Chinese sentiments into public protests leading to a series of complications in Myanmar's economic dealings with China. The notable highlights illustrating less cooperation in the economic factor were the suspension of the Myitsone Dam in 2011, the Letpadaung Mines in 2012, and heated controversy regarding the Sino-Myanmar Oil and Gas Pipelines in 2013.²⁵⁰ Additionally, ethnic conflict continued to manifest along the Sino-Myanmar border. However, Myanmar's opening to the West provoked China to shift its response. Both the Kachin Conflict in 2011 and Kokang Conflict in 2015 illustrated a departure from previous norms as China mobilized its military to the Sino-Myanmar border and actively engaged in peace negotiations.²⁵¹

Internationally, Myanmar's warming of relations with the West enabled Myanmar to diversify its foreign policy. The most notable difference was Myanmar's strengthening of ties with the United States. The changed domestic and international landscape thus provided Thein Sein and the USDP the maneuverability to loosen relations with China, whose influence had become monolithic since the SLORC/SPDC years. As a result, Myanmar tempered the steady growth of Chinese influence in Myanmar's domestic affairs.

²⁵⁰ Sun, "Chinese Investment in Myanmar," 1.

²⁵¹ Han, "Geopolitics, Ethnic Conflicts along the Border, and Chinese Foreign Policy Changes toward Myanmar," 66.

IV. AUNG SAN SUU KYI AND THE NLD: NEW PATTERNS (2016 – 2018)

Chapter III found that under reformist president Thein Sein, Sino-Myanmar cooperation weakened because of national anti-Chinese sentiments, increased ethnic conflict, and Myanmar's warming relations with the West. Chapter IV now answers this thesis's central question. To what extent have Sino-Myanmar relations changed as a result of Myanmar's liberalization? This chapter is broken up into four sections. The first section describes the rise of Aung San Suu Kyi and the National League for Democracy (NLD). The second section evaluates the nature of challenges Aung San Suu Kyi and the NLD currently face. The third section characterizes the shift in China's economic, security, and diplomatic support for Myanmar. The fourth and last section summarizes the findings of this chapter.

Chapter IV finds that Sino-Myanmar bilateral relations have rebounded from the previous era under Thein Sein because Aung San Suu Kyi and the NLD continue to face challenges that necessitate Beijing's economic, security, and diplomatic assistance. Myanmar finds itself once again within China's influential orbit for several reasons. First, Myanmar's opening to the West did not entice as much foreign direct investment as initially predicted. As a result, China's contribution to Myanmar's economy remains significant. Second, peace talks with EAOs along the Sino-Myanmar border continue to break down. China's role in facilitating negotiations between the Tatmadaw and the EAOs have caused bilateral security ties to strengthen. Third, Myanmar's human rights violations against the Rohingya continue to attract international criticism. Diplomatic ties with China are tightening while Beijing continues to shield Myanmar from international intervention. Despite a temporary decrease in cooperation with China due to Myanmar's political transition in 2012, Aung San Suu Kyi and the NLD have increased economic, security, and diplomatic cooperation, resulting in a stronger Sino-Myanmar relationship than during the previous regime under Thein Sein and the USDP.

A. AUNG SAN SUU KYI AND THE NLD

Political liberalization drove a new regime to come to power as Aung San Suu Kyi and the NLD won the elections of 2015. As a result, the events of November 8, 2015, marked a historic moment in Myanmar's political landscape leading to several significant changes in Sino-Myanmar cooperation. First, the rise of Aung San Suu Kyi and the NLD introduced new actors to Myanmar's political framework. Second, related to the first, was the marginalization of the military-backed USDP with only a fraction of the power it won in the 2010 elections.²⁵² As Myanmar's political framework diversifies, China is now forced to deal with a multi-dimensional institution consisting of multiple parties and various state actors. Third, a rather big surprise was the further marginalization of ethnic minority parties.²⁵³ During the election many ethnic minorities voted for the NLD, disregarding their local minority parties. In comparison to the 2010 election, ballots showed that the number of political parties more than tripled in the 2015 elections, allowing well-known parties like the NLD to capitalize on the fragmentation.²⁵⁴ The marginalization of ethnic parties was significant because the NLD is perceived to be a party of the Burman majority. Indeed, there are concerns that the NLD "does not understand the grievances or aspirations of ethnic" minorities.²⁵⁵ Combined, the changes in Myanmar's political landscape have led to changes in Sino-Myanmar cooperation.

Given Aung San Suu Kyi's decades of imprisonment, her continuous struggle for democracy, and her historical lineage as the youngest daughter of national hero Aung San, Aung San Suu Kyi quickly became a favorite figure to the Myanmar people.²⁵⁶ Also, Aung San Suu Kyi personifies "change" from the authoritarian rule of the military since

²⁵² "The Myanmar Elections: Results and Implications," Crisis Group, December 9, 2015, <https://www.crisisgroup.org/asia/south-east-asia/myanmar/myanmar-elections-results-and-implications>, 5.

²⁵³ "The Myanmar Elections," 7.

²⁵⁴ Ardeth Thawngmung, "The Myanmar Elections 2015: Why the National League for Democracy Won a Landslide Victory," *Critical Asian Studies* 48, no. 1 (January 2, 2016): 132–42, <https://doi.org/10.1080/14672715.2015.1134929>, 133.

²⁵⁵ "The Myanmar Elections," 8.

²⁵⁶ General Aung San was assassinated six months prior to Myanmar's independence in 1948. He is credited for bringing independence to Myanmar from the British. Aung San is widely admired by the Myanmar people as the "Father of the Nation" and founder of the Tatmadaw.

1962, “giving her popularity unmatched by any other politician.”²⁵⁷ Although constitutional restrictions prevented Aung San Suu Kyi from assuming the role of president, the NLD endorsed her lifetime friend Htin Kyaw, whom many viewed to be her proxy.²⁵⁸ As the de facto leader, Aung San Suu Kyi became the nation’s First State Counsellor.²⁵⁹ Lastly, the perception of Aung San Suu Kyi’s strong pro-Western policy preference concerns China. Beijing has re-oriented its state-to-state engagements to accommodate the new actors entering Myanmar’s political environment.²⁶⁰

China’s reaction to the new regime has differed from previous years in several ways. First, with the rise of Aung San Suu Kyi, it became evident that Beijing could no longer conduct state-to-state relations solely with the Tatmadaw. Instead, China has engaged with multiple parties. Second, having undergone turbulence with the Thein Sein regime, Beijing viewed the possibility of a new regime with caution.²⁶¹ In June 2015, recognizing that Myanmar’s political transition would likely incorporate Aung San Suu Kyi into the government, the Chinese Communist Party (CCP) proactively invited Aung San Suu Kyi to Beijing.²⁶² The visit served as reassurance that the CCP would work with a possible NLD-led government.²⁶³ As a result, ties between the CCP and the NLD strengthened. The engagement proved to be beneficial as the NLD won the 2015 elections in a landslide claiming 79% of National Assembly seating.²⁶⁴ Thus, changes in Myanmar’s institutions and state actors led to changes in China’s state-to-state relations with Myanmar.

²⁵⁷ Min Zin, “The New Configuration of Power,” *Journal of Democracy* 27, no. 2 (April 15, 2016): 116–31, <https://doi.org/10.1353/jod.2016.0032>, 124.

²⁵⁸ Zin., 124.

²⁵⁹ Zin., 124.

²⁶⁰ “The Myanmar Elections,” 12.

²⁶¹ Stratfor Worldview, “China and Myanmar.”

²⁶² Stephen McCarthy, “Myanmar in 2015: An Election Year,” *Asian Survey* 56, no. 1 (February 1, 2016): 138–47, <https://doi.org/10.1525/as.2016.56.1.138>, 144.

²⁶³ McCarthy., 145.

²⁶⁴ Min Zin, “The New Configuration of Power,” *Journal of Democracy* 27, no. 2 (April 15, 2016): 116–31, [doi:10.1353/jod.2016.0032](https://doi.org/10.1353/jod.2016.0032), 116 - 124, 117.

B. CHALLENGES OF THE NEW REGIME

Since the rise of the NLD in 2015, the regime faces several challenges that require China's assistance. The first challenge stems from Myanmar's slow economic growth. The second challenge arises from reaching a peace deal with the EAOs along the Sino-Myanmar border. A third challenge comes from the Rakhine State and the Tatmadaw's constant oppression of the Rohingya population. Given the economic, political, and diplomatic tools that Beijing provides to these problem sets, Myanmar is inclined to maintain traditional *Pauk-Phaw* relations with China. As a result, China is likely to remain an influential player in Myanmar's domestic environment.

1. The Economy Factor – Economic Growth

The NLD regime faces challenges to stimulate Myanmar's economy. In October 2016, the United States lifted sanctions levied on Myanmar since 1997.²⁶⁵ Although the lifting of economic sanctions was quite significant, economic growth has proceeded at a "sluggish" pace.²⁶⁶ The main reason for the decline stems from the domestic and foreign policy uncertainties caused by Myanmar's liberalization.²⁶⁷ As a result, there has been little movement on the economic front.²⁶⁸ For example, the regime has failed to produce clear guidance on "building infrastructure, inviting investments, and creating power supply sources."²⁶⁹ Also, the restructuring of commissions, economic committees, and implementation of reforms has lagged.²⁷⁰ Although foreign businesses see Myanmar as a country of potential opportunity, the instability in the country's economic policies has led

²⁶⁵ Stephen McCarthy, "Myanmar in 2016: Change and Slow Progress," *Asian Survey* 57, no. 1 (February 1, 2017): 142–49, <https://doi.org/10.1525/as.2017.57.1.142>, 149.

²⁶⁶ Thit Nay Moe, "Myanmar's Economy Sluggish during First 6 Months of New Government," *The Myanmar Times*, accessed April 25, 2018, <https://www.mmtimes.com/business/23259-myanmar-s-economy-sluggish-during-first-6-months-of-new-government.html>.

²⁶⁷ Yun Sun, "China's Belt and Road in Myanmar," *January 2018*, no. 38 (December 26, 2017), <https://magazine.thediplomat.com/#/issues/-L0O6mt3hCZYrxYRpHJf/read>.

²⁶⁸ Motokazu Matsui, "Myanmar's Foreign Direct Investment Rush Recedes," *Financial Times*, January 23, 2017, <https://www.ft.com/content/f7bda5bc-e150-11e6-8405-9e5580d6e5fb>.

²⁶⁹ Matsui.

²⁷⁰ Moe, "Myanmar's Economy Sluggish during First 6 Months of New Government."

to a lack of foreign direct investment.²⁷¹ International businesses have been cautious to invest and are waiting to see how the NLD plans to stabilize the uncertainty of Myanmar's economic reforms.

Exacerbating the NLD's economic challenge is China's reluctance to invest in Myanmar's economy. The turmoil China endured in 2012 with the protesting of the Myitsone Dam and Letpadaung Mine left Beijing wary of its future economic investments. Although China remained as Myanmar's largest investor, committing "to 35 new FDI projects from 2014," China learned from its previous dealings with the junta and has been careful not to oversaturate Myanmar's economy with FDI.²⁷² In 2015, bilateral trade dropped "38.8% from the previous year" of 2014.²⁷³ In 2016, bilateral trade "further decreased by 18.6%."²⁷⁴

However, signs of increased bilateral economic ties seemed to strengthen as Aung San Suu Kyi attended the One Belt One Road (OBOR) Summit, also known as the Belt and Road Initiative (BRI), in May 2017.²⁷⁵ During the summit, Aung San Suu Kyi signed two economic agreements, one for a border economic zone along the "Yunnan Province-Kachin State border," and the other agreeing to cooperate on the BRI.²⁷⁶ However, funding for the OBOR initiative has yet to be appropriated.²⁷⁷ Indeed, the previous growth in anti-Chinese sentiments during the USDP era has caused Beijing to be cautious of the impacts of increased Chinese FDI in Myanmar.²⁷⁸

²⁷¹ Matsui, "Myanmar's Foreign Direct Investment Rush Recedes."

²⁷² McCarthy, "Myanmar in 2015," 148.

²⁷³ Sun, "China's Belt and Road in Myanmar."

²⁷⁴ Sun.

²⁷⁵ Sithu Aung Myint, "China's New Silk Road Plan: What's in It for Myanmar?," *Frontier Myanmar*, accessed April 23, 2018, <https://frontiermyanmar.net/en/chinas-new-silk-road-plan-whats-in-it-for-myanmar>.

²⁷⁶ Myint.

²⁷⁷ Sun, "China's Belt and Road in Myanmar."

²⁷⁸ Sun.

2. The Security Factor – Unstable Peace Talks

The second significant domestic challenge the NLD faces is Myanmar's persistent struggle to end ethnic conflict. From Myanmar's perspective, the government cannot deal effectively with the various EAOs "unless it exercises real power over the ceasefire groups."²⁷⁹ This can only be possible with "active cooperation on the part of Chinese authorities."²⁸⁰ Although a draft National Ceasefire Agreement (NCA) was signed in March 2015, several notable Chinese-backed EAOs refused to sign—to include the United Wa State Army, the KIA, and the MNDAA.²⁸¹ In May 2017, China brokered a deal to bring several EAOs to the negotiation table, but little progress concerning "political and military issues" was made.²⁸² The situation has become quite complicated with the formation of the Federal Political Negotiation Council Consultative Commission (FPNCC), an alliance consisting of the seven most powerful ethnic groups (to include those previously mentioned) along the Sino-Myanmar border.²⁸³ Presently, even as negotiations continue over the NCA, skirmishes have persisted between the Tatmadaw and the EAOs. The conflicts involve both signatory and non-signatory EAOs posing major challenges for the fairly inexperienced NLD regime and the new president replacing Htin Kyaw, former Speaker of the House of Representatives Win Myint.²⁸⁴ As there appears to be no clear solution in sight, Myanmar's need to maintain cooperative relations with China has been driven largely by the government's desire for national reconciliation and peace along the Sino-Myanmar border.²⁸⁵

²⁷⁹ Myoe, *In the Name of Pauk-Phaw*, 144.

²⁸⁰ Myoe., 144.

²⁸¹ McCarthy, "Myanmar in 2015," 143.

²⁸² Richard Horsey, "Building Critical Mass for Peace in Myanmar," *Crisis Group*, May 31, 2017, <https://www.crisisgroup.org/asia/south-east-asia/myanmar/287-building-critical-mass-peace-myanmar>, i.; Christina Fink, "Myanmar in 2017: Insecurity and Violence," *Asian Survey* 58, no. 1 (February 1, 2018): 158–65, <https://doi.org/10.1525/as.2018.58.1.158>, 162.

²⁸³ Kumbun, "Opinion | Can A New President Pull Myanmar Out of the Quagmire of Conflict?"

²⁸⁴ Kumbun.

²⁸⁵ Stratfor Worldview, "China and Myanmar."

3. The Diplomacy Factor – The Rohingya Challenge

The third and perhaps the most notable, international challenge the NLD faces is the ongoing Rohingya Crisis in Myanmar's western region of Rakhine State. The Rohingya Conflict has attracted significant international attention presenting significant challenges to Myanmar's global reputation. The main challenge stems from Myanmar's "use of disproportionate military force" against the Rohingya.²⁸⁶ As a result, the Rohingya challenge constitutes a complex humanitarian crisis that is propagating outside of Myanmar's borders and into the international community.

Identified by the government as "foreigners," the Rohingya consist of roughly a million Muslims living in the northern Rakhine State of Myanmar.²⁸⁷ They are the "most deprived group in East Asia" who suffer from "poverty, poor social services and a scarcity of livelihood opportunities."²⁸⁸ Furthermore, the Myanmar government considers the Rohingya "permanently stateless."²⁸⁹ At various times through history, clashes between non-Muslims and Muslims have occurred in Rakhine. Recently, attacks were conducted in October 2016 by the Arakan Rohingya Salvation Army (ARSA) on Myanmar Border Guard Posts (BGP).²⁹⁰ In response, Myanmar's Armed Forces engaged (and continue to engage) the Rohingya with "clearance operations marked by widespread and systematic

²⁸⁶ "Myanmar: A New Muslim Insurgency in Rakhine State," *Crisis Group*, December 15, 2016, <https://www.crisisgroup.org/asia/south-east-asia/myanmar/283-myanmar-new-muslim-insurgency-rakhine-state/>, i.

²⁸⁷ David Steinberg, "Myanmar's Minority Strife," *East Asia Forum* (blog), October 6, 2017, <http://www.eastasiaforum.org/2017/10/07/myanmars-minority-strife/>, 2.

²⁸⁸ Steinberg, 2.; "Towards a Peaceful, Fair and Prosperous Future for the People of Rakhine," *Rakhine Commission* (blog), accessed November 13, 2017, <http://www.rakhinecommission.org/the-final-report/>, 18.

²⁸⁹ Trevor Wilson, "What Can the World Do for the Rohingya?," *New Mandala*, October 20, 2017, <http://www.newmandala.org/historical-realities-rohingya/>, 2.

²⁹⁰ "Rohingya Crisis: A Major Threat to Myanmar Transition and Regional Stability," *Crisis Group*, October 27, 2017, <https://www.crisisgroup.org/asia/south-east-asia/myanmar/rohingya-crisis-major-threat-myanmar-transition-and-regional-stability>, 1.

human rights violations, including unlawful killings, sexual violence and other forms of torture.”²⁹¹

Internationally, the military’s response has been characterized as genocide, crimes against humanity, and ethnic cleansing.²⁹² Of note, predominantly Muslim countries such as Indonesia and Malaysia have taken strong positions against Myanmar’s handling of the situation. Despite the potential for the Rohingya situation to “destabilize the entire operating environment,” China has shielded Myanmar from international criticism and continues to uphold traditional *Pauk-Phaw* patterns of non-interference.²⁹³ The Rohingya Crisis has not been resolved and continues today. Since August 2017, over 655,000 Rohingya have been displaced and have fled to Myanmar’s neighbor country, Bangladesh.²⁹⁴ During the Pope’s visit to Myanmar in November 2017, Senior General Min Aung Hlaing commented that “Myanmar has no discrimination among the ethnics.”²⁹⁵ Despite this rhetoric, violence against the Rohingya continues to occur.

The NLD’s response to the public and the international community on the Rohingya Crisis has been relatively muted. Aung San Suu Kyi’s public statements have been defensive in favor of the military and at times have omitted mention of what the government proposes to do regarding the crisis.²⁹⁶ To some extent, the international community has lost faith in Aung San Suu Kyi. Recently, she was stripped of her Freedom of Oxford award for her silence over the Rohingya Crisis, which had been given to her in 1997 for her continuous struggle for democracy.²⁹⁷ As the Rohingya Crisis has grown, the

²⁹¹ “‘My World Is Finished’: Rohingya Targeted in Crimes against Humanity in Myanmar,” Amnesty International USA, accessed April 24, 2018, <https://www.amnestyusa.org/reports/my-world-is-finished-rohingya-targeted-in-crimes-against-humanity-in-myanmar/>, 6.

²⁹² “Myanmar,” December 15, 2016, 1.

²⁹³ Kang, Siew Kheng, “CO17183 | After Shaming Aung San Suu Kyi: Then What? | RSIS,” accessed April 24, 2018, <https://www.rsis.edu.sg/rsis-publication/rsis/co17183-after-shaming-aung-san-suu-kyi-then-what/#.Wt9v5ojwbD4>.

²⁹⁴ “Rohingya Crisis,” UNICEF, accessed April 24, 2018, https://www.unicef.org/infobycountry/bangladesh_100945.html.

²⁹⁵ James Griffiths CNN, “Myanmar General Tells Pope ‘No Religious Discrimination,’” CNN, accessed November 28, 2017, <http://www.cnn.com/2017/11/27/asia/pope-myanmar-general/index.html>.

²⁹⁶ Wilson, “What Can the World Do for the Rohingya?” 2.

²⁹⁷ CNN, “Myanmar General Tells Pope ‘No Religious Discrimination.’”

need for international intervention has strengthened. Myanmar's relations with many other countries have suffered as a result of this crisis, leading Myanmar to seek diplomatic support from China. In response, Beijing has expressed open support for Myanmar's handling of the Rohingya.

C. CHINA'S CHANGED RESPONSES

Myanmar's current economic, security, and diplomatic challenges have produced several notable changes in China's behavior. Economically, as a result of the previous era, China has tempered the flow of investments into Myanmar.²⁹⁸ China is careful not to flood the economy with FDI to prevent the further growth of anti-Chinese sentiments. Although cooperation appears to have strengthened from the BRI, funding flowing into Myanmar's economy has been limited.²⁹⁹

In addition to China's economic response, Beijing's response to ethnic conflict along the Sino-Myanmar border has been more proactive and assertive when compared to the prior years of liberalization.³⁰⁰ There are two main reasons for China's shift. First, Myanmar's diversification of its foreign policy and warming of relations with the West has introduced "geostrategic competition."³⁰¹ Given the proximity of the ethnic conflicts to the Sino-Myanmar border, the introduction of foreign powers to assist with peace negotiations threatens China's national security. Second, China appears unhappy with how Myanmar is handling ethnic conflict along the border, mainly due to the number of refugees and cross-border explosions that have occurred.³⁰² In 2015, the explosion of several bombs and artillery shells on the Chinese side of the border caused Myanmar to issue an apology

²⁹⁸ Sun, "China's Belt and Road in Myanmar."

²⁹⁹ Sun.

³⁰⁰ Han, "Geopolitics, Ethnic Conflicts along the Border, and Chinese Foreign Policy Changes toward Myanmar," 70.

³⁰¹ Han., 70.

³⁰² Han., 70.

to Beijing.³⁰³ Collectively, these reasons have led China to become critically engaged in Myanmar's peace negotiation process.

China's diplomatic protection of Myanmar from the international community because of human rights abuses appears to be the most consistent factor in Sino-Myanmar relations. As a result, China has expressed support for the NLD's "efforts to protect stability."³⁰⁴ Although "China condemned the attacks in Rakhine," China has upheld its *Pauk-Phaw* relationship with Myanmar. Beijing stated that its principle "was not to interfere in the internal affairs of another country."³⁰⁵ This pattern has been consistent with established *Pauk-Phaw* patterns.

D. CONCLUSION

Overall, following the process of liberalization, Sino-Myanmar relations have both strengthened and changed after an initial period of decreased cooperation. Under Aung San Suu Kyi and the NLD, bilateral ties have gradually rebounded from the previous decline in 2012. Whereas liberalization was perceived to be the primary driver that weakened relations with China, Myanmar's need for economic, security, and diplomatic support have prevented Sino-Myanmar relations from declining further. Myanmar incorporates China into its calculus to achieve two issues of significant national interest—resolving ethnic conflict along the Sino-Myanmar border and achieving a positive economic growth trajectory. Also, the Tatmadaw's oppression of the Rohingya continues to internationally highlight Myanmar in a negative light inclining Myanmar to strengthen diplomatic ties with China. As a result, Myanmar's dependence on China to resolve these challenges suggests that bilateral cooperation will persist.

³⁰³ Chao Chung-chi, "The Kokang Incident and the Contradictory Relations between China and Burma," *Asian Ethnicity* 16, no. 4 (October 2, 2015): 589–92, <https://doi.org/10.1080/14631369.2015.1083731>, 590.

³⁰⁴ Ben Blanchard and Kim Coghill, "China Official Says of Rohingya Crisis Foreign Interference Doesn't Work," *Reuters*, October 21, 2017, <https://uk.reuters.com/article/uk-china-congress-myanmar/china-official-says-of-rohingya-crisis-foreign-interference-doesnt-work-idUKKBN1CQ04X>.

³⁰⁵ Blanchard and Coghill.

V. CONCLUSION

The central question posed by this thesis was why Sino-Myanmar cooperation has not declined as drastically as initially predicted following the government's liberalization period from 2008 to 2015. Furthermore, this thesis asked two related questions. What factors explained changes in the Sino-Myanmar relationship prior to liberalization, and to what extent have Sino-Myanmar relations changed since liberalization? This thesis proposed four hypotheses to answer these questions, each formulated around a main driving factor in Sino-Myanmar cooperation.

Chapter I examined the first related question by providing a historical characterization of the main driving factors of Sino-Myanmar cooperation. Approaching bilateral cooperation mainly from a Myanmar-centric perspective, Chapter I found that, following Myanmar's independence in 1948, bilateral trade and investment, security along the Sino-Myanmar border, and diplomatic engagements were the main causes to Sino-Myanmar cooperation. Historically known as *Pauk-Phaw*, or fraternal, Sino-Myanmar relations are driven by four main factors: regime type, economics, security, and diplomacy.

Chapter II addressed the second related question and found that liberalization both directly and indirectly impacted the four driving factors, which led to increased tensions in bilateral cooperation. During the final years of the SPDC, Sino-Myanmar cooperation entered a difficult phase because of two main reasons. First, the Tatmadaw's desire to reconcile ethnic armed groups before elections led to increased fighting along the Sino-Myanmar border in 2009. Second, as liberalization opened Myanmar's political space, the government became more receptive towards public opinion. These sentiments had mainly become anti-Chinese because of an increased dependency on China for diplomatic, economic, and military aid. The combined shifts of Myanmar's security and regime type factors resulted in heightened tension in Sino-Myanmar relations.

Furthermore, Chapter III found that between 2011 and 2015 bilateral relations continued to degrade for three main reasons. First, the impact of Myanmar's political liberalization led to warmer relations with the international community and reduced the

government's need for the diplomatic protection China provided in the past. Second, pressures of anti-Chinese sentiments escalated into public protests, which made Sino-Myanmar economic cooperation more difficult. The apex of economic tension was seen by the suspension of the Myitsone Dam in 2011, along with protests against the Letpadaung Mine and the Sino-Myanmar Oil and Gas Pipelines, the three most significant Sino-Myanmar joint ventures. Third, ethnic conflict continued to intensify along the Sino-Myanmar border with the reemergence of both the Kachin Conflict in 2011 and the Kokang Conflict in 2015. The collective changes in the diplomatic, economic, and security factors thus resulted in Sino-Myanmar relations declining to its lowest point in three decades.³⁰⁶

Lastly, Chapter IV answered the thesis's main question. Why have Sino-Myanmar relations not declined as drastically as initially predicted? Chapter IV found that Aung San Suu Kyi and the NLD's need for economic growth, national reconciliation, and diplomatic protection has strengthened Sino-Myanmar cooperation despite the temporary weakening of bilateral ties during the liberalization era in 2011–2015. Economically, Myanmar continues to need international trade and investment, and China is prepared to provide it. Despite the lifting of Western economic sanctions in 2016, Myanmar's economic growth has progressed slowly. Due to Myanmar's political instability, many foreign investors have been cautious to invest.³⁰⁷ From the security lens, peace negotiations with ethnic armed groups along the Sino-Myanmar border continue to break down. Myanmar has strengthened bilateral security ties with China because Beijing plays a critical role in facilitating negotiations between the new NLD government and the various ethnic groups. Meanwhile, Myanmar continues to accumulate international criticism because of the army's violations of the Rohingya people's human rights in Rakhine State. Enforcing traditional *Pauk-Phaw* patterns, China has shielded Myanmar by professing open support to the Aung San Suu Kyi government to preserve Myanmar's internal stability.³⁰⁸ Although Myanmar has shifted its regime type transitioning from an authoritarian junta to

³⁰⁶ Haacke, *Myanmar's Foreign Policy under President U Thein Sein.*, ii.

³⁰⁷ Moe, "Myanmar's Economy Sluggish during First 6 Months of New Government."

³⁰⁸ Blanchard and Coghill, "China Official Says of Rohingya Crisis Foreign Interference Doesn't..."

a quasi-civilian administration, the country remains within China's sphere of influence because of its need for economic, security, and diplomatic support.

A. ASSESSING CHANGE IN SINO-MYANMAR COOPERATION

The impacts of Myanmar's liberalization led to changes in Myanmar's domestic and international environments, which further led to changes in the country's foreign policy with China. Domestically, Myanmar changed its regime type moving from a fully authoritarian regime under a military junta to a quasi-civilian democracy with a multi-party system.³⁰⁹ In addition, the government became more receptive to public opinion. Myanmar moved to an open market economy to encourage foreign direct investment and trade.³¹⁰ Indirectly, liberalization inclined the Tatmadaw to utilize force to reconcile the ethnic armed groups along the Sino-Myanmar border. Internationally, liberalization opened opportunities for relations to warm with the West. Combined, these factors inclined President Thein Sein to loosen relations with China, who had gained an overwhelming influence in Myanmar's domestic affairs during the SLORC/SPDC period.

In response, China has shifted its foreign policy to accommodate Myanmar's domestic changes. Economically, China has tempered the flow of economic investments into Myanmar so as not to overwhelm the economy with Chinese FDI. Also, Beijing has engaged at the lower levels to both garner support among the local populace and curb anti-Chinese sentiments.³¹¹ China has also shifted its foreign business models to incorporate the environmental, health, and social impacts of future economic projects.³¹² Militarily, China has proactively engaged in peace negotiations between the Tatmadaw and the EAOs to maintain stability along the Sino-Myanmar border. Myanmar's warming of relations with the West causes Beijing to worry about the peace process becoming "internationalized," which would undermine China's national security.³¹³ Lastly, China

³⁰⁹ Moe, "Burma's Democracy."

³¹⁰ Moe.

³¹¹ Sun, "Chinese Investment in Myanmar," 5.

³¹² Sun.

³¹³ Sun, "China, the United States, and the Kachin Conflict," 9.

continues to shield Myanmar from the international community for the latter's continued human rights atrocities. This is particularly notable in China's latest shielding of Myanmar over the Rohingya Crisis.

B. IMPLICATIONS AND POLICY RECOMMENDATIONS

There are several implications this thesis has found regarding Sino-Myanmar cooperation. First, the driving factors that continue to shape Sino-Myanmar relations do not operate independently of one another. Instead, analyzing the factors over time reveals that the four factors are intricately intertwined. Also, the impacts of liberalization affected each factor differently. Whereas the process of liberalization directly affected the regime type factor and the economic factor, liberalization indirectly affected the security and diplomatic factors. Indeed, the complex interdependence of the factors shaping Sino-Myanmar cooperation highlights the difficulties in characterizing the shift in Sino-Myanmar bilateral cooperation.

The second implication alludes to Myanmar's struggle to balance between the government's receptiveness towards public opinion and its need to address two issues of national interest—economic growth and reaching a peace deal with EAOs along the Sino-Myanmar border.³¹⁴ China continues to prove that it is essential to Myanmar's calculus supplying FDI into Myanmar's economy and facilitating peace negotiations between the Tatmadaw and various EAOs. As a result, Sino-Myanmar economic and security cooperation continues.

Lastly, Myanmar's continued oppression of its population in Rakhine State has swayed Aung San Suu Kyi and the NLD to seek diplomatic protection from China. Although liberalization has caused rapprochement with the West, the U.S. ability to influence Myanmar over human rights atrocities is relatively limited, mainly because Myanmar has prioritized its need for national reconciliation and economic growth over its need for human rights.³¹⁵ If western states wish to reduce Myanmar's human rights

³¹⁴ Stratfor Worldview, "China and Myanmar."

³¹⁵ Perlez, "In China, Aung San Suu Kyi Finds a Warm Welcome (and No Talk of Rohingya)."

violations, they first must address Myanmar's need for FDI and national reconciliation. Perhaps, then, leverage may be gained to compel Myanmar to reduce human rights violations.

Overall, this case study illustrates that Sino-Myanmar relations are not a zero-sum game. That is to say that the weakening of bilateral relations in one factor does not necessarily mean the weakening of Sino-Myanmar cooperation overall. As analysts initially predicted that continued liberalization would weaken Sino-Myanmar relations, this thesis finds that the economic, security and diplomatic driving factors have tempered the further weakening of Sino-Myanmar cooperation. As a result, bilateral relations did not weaken following liberalization as initially predicted. Instead, after a temporary decline in Sino-Myanmar cooperation during Myanmar's liberalization period, relations have both strengthened and changed under Aung San Suu Kyi and the NLD.

C. AREAS FOR FURTHER RESEARCH

While this thesis described changes in Sino-Myanmar cooperation during Myanmar's liberalization period from a Myanmar-centric perspective, there are several areas for future research that would strengthen this case study. The first area would be a case study from a China focused perspective utilizing the same framework of this thesis. The data gathered from that research would provide significant insight to other drivers underpinning the *Pauk-Phaw* relationship. In addition, as China continues to integrate Myanmar into the BRI framework this data will grow increasingly important in analyzing Sino-Myanmar cooperation. A second area of research involves analyzing the extent of Aung San Suu Kyi's influence as an individual state actor on bilateral cooperation. Since Aung San Suu Kyi's rise following the 2015 elections, her political power remains limited under the constitution.³¹⁶ Understanding Aung San Suu Kyi's policy preferences coupled with the domestic and international challenges the Myanmar government currently faces will contribute to understanding the trajectory of Sino-Myanmar cooperation. Combined, the study of both Sino-Myanmar relations from a China-centric perspective and Aung San

³¹⁶ "The Myanmar Elections," 12.

Suu Kyi as an individual state actor will provide a more holistic perspective to the Sino-Myanmar cooperation narrative.

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